



# भारत का राजपत्र

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PART II—Section 1

प्राधिकार से प्रकाशित

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इस भाग में विशेष पृष्ठ संख्या दी जाती है जिससे कि यह भलग संकलन के रूप में रखा जा सके।

Separate paging is given to this Part in order that it may be filed  
as a separate compilation.

MINISTRY OF LAW, JUSTICE AND COMPANY AFFAIRS  
(Legislative Department)

New Delhi, the 27th September, 1991/Asvina 5, 1913 (Saka)

The following Act of Parliament received the assent of the President on the 27th September, 1991, and is hereby published for general information:—

### THE FINANCE (No. 2) ACT, 1991

No. 49 OF 1991

[27th September, 1991.]

An Act to give effect to the financial proposals of the Central Government for the financial year 1991-92.

Be it enacted by Parliament in the Forty-second Year of the Republic of India as follows:—

#### CHAPTER I

#### PRELIMINARY

1. (1) This Act may be called the Finance (No. 2) Act, 1991.

(2) Save as otherwise provided in this Act, sections 2 to 119 and 126 (except sections 45, 47, 62, 66, 67, 69, 75, 76, 78, 79, 87; 88 and 120) shall be deemed to have come into force on the 1st day of April, 1991.

Short  
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ment.

#### CHAPTER II

#### RATES OF INCOME-TAX

2. (1) Subject to the provisions of sub-sections (2) and (3), for the assessment year commencing on the 1st day of April, 1991, income-tax shall be charged at the rates specified in Part I of the First Schedule

Income-  
tax.

and such tax as reduced by the rebate of income-tax calculated under Chapter VIII-A of the Income-tax Act, 1961 (hereinafter referred to as the Income-tax Act) shall be increased,—

43 of 1961.

- (a) in the cases to which Paragraphs A, B, C and D of that Part apply, by a surcharge for purposes of the Union; and
- (b) in the cases to which Paragraph E of that Part applies, by a surcharge,

calculated in each case in the manner provided therein.

(2) In the cases to which Sub-Paragraph I or Sub-Paragraph II of Paragraph A of Part I of the First Schedule applies, where the assessee has, in the previous year, any net agricultural income exceeding six hundred rupees, in addition to total income, and the total income exceeds,—

(i) in a case to which the said Sub-Paragraph I applies, twenty-two thousand rupees, and

(ii) in a case to which the said Sub-Paragraph II applies, twelve thousand rupees,

then,—

(a) the net agricultural income shall be taken into account, in the manner provided in clause (b) [that is to say, as if the net agricultural income were comprised in the total income after,—

(i) in a case to which the said Sub-Paragraph I applies, the first twenty-two thousand rupees, and

(ii) in a case to which the said Sub-Paragraph II applies, the first twelve thousand rupees,

of the total income but without being liable to tax], only for the purpose of charging income-tax in respect of the total income; and

(b) the income-tax chargeable shall be calculated as follows:—

(i) the total income and the net agricultural income shall be aggregated and the amount of income-tax shall be determined in respect of the aggregate income at the rates specified in Sub-Paragraph I or, as the case may be, Sub-Paragraph II of the said Paragraph A, as if such aggregate income were the total income;

(ii) the net agricultural income shall be increased,—

(A) in a case to which the said Sub-Paragraph I applies, by a sum of twenty-two thousand rupees; and

(B) in a case to which the said Sub-Paragraph II applies, by a sum of twelve thousand rupees,

and the amount of income-tax shall be determined in respect of the net agricultural income as so increased at the rates specified in Sub-Paragraph I or, as the case may be, Sub-Paragraph II of the said Paragraph A, as if the net agricultural income as so increased were the total income;

(iii) the amount of income-tax determined in accordance with sub-clause (i) shall be reduced by the amount of income-tax determined in accordance with sub-clause (ii) and the sum so arrived at shall be the income-tax in respect of the total income:

Provided that the amount of income-tax so arrived at, as reduced by the rebate of income-tax calculated under Chapter VIII-A of the Income-tax Act, shall, in the case of every person having a total income exceeding seventy-five thousand rupees, be increased by a surcharge for purposes of the Union calculated at the rate of twelve per cent. of such income-tax and the sum so arrived at shall be the income-tax in respect of the total income.

(3) In cases to which the provisions of Chapter XII or Chapter XII-A or sub-section (1A) of section 161 or section 164 or section 164A or section 167B of the Income-tax Act apply, the tax chargeable shall be determined as provided in that Chapter or that section, and with reference to the rates imposed by sub-section (1) or the rates as specified in that Chapter or section, as the case may be:

Provided that in respect of any income chargeable to tax under section 115B or section 115BB of the Income-tax Act,—

(a) the income-tax computed under section 115B shall be increased by a surcharge calculated at the rate of fifteen per cent. of such income-tax; and

(b) the income-tax computed under section 115BB shall be increased,—

(i) in the case of a person other than a company, being a resident in India, by a surcharge for purposes of the Union calculated at the rate of twelve per cent. of such income-tax; and

(ii) in the case of a domestic company, by a surcharge calculated at the rate of fifteen per cent. of such income-tax.

(4) In cases in which tax has to be deducted under sections 193, 194, 194A, 194B, 194BB, 194D and 195 of the Income-tax Act at the rates in force, the deduction shall be made at the rates specified in Part II of the First Schedule and shall be increased,—

(a) in the case to which the provisions of sub-item (a) of item 1 of that Part apply, by a surcharge for purposes of the Union; and

(b) in the cases to which the provisions of sub-item (a) of item 2 of that Part apply, by a surcharge,

calculated in each case in the manner provided therein.

(5) In cases in which tax has to be deducted under sections 194C, 194EE, 194G and 194H of the Income-tax Act, the deduction shall be made at the rates specified in those sections and shall be increased by a surcharge for purposes of the Union calculated at the rate of twelve per cent. of such deduction:

Provided that in the case of an assessee, being a domestic company, the provisions of this sub-section shall have effect, as if for the words "twelve per cent.", the words "fifteen per cent." had been substituted.

(6) In cases in which tax has to be collected under section 206C of the Income-tax Act, the collection shall be made at the rate specified in

that section and shall be increased by a surcharge for purposes of the Union calculated at the rate of twelve per cent. of such collection:

Provided that in the case of a buyer, being a domestic company, the provisions of this sub-section shall have effect, as if for the words "twelve per cent.", the words "fifteen per cent." had been substituted.

(7) Subject to the provisions of sub-section (8), in cases in which income-tax has to be calculated under the first proviso to sub-section (5) of section 132 of the Income-tax Act or charged under sub-section (4) of section 172 or sub-section (2) of section 174 or section 175 or sub-section (2) of section 176 of the said Act or deducted under section 192 of the said Act from income chargeable under the head "Salaries" or in which the "advance tax" payable under Chapter XVII-C of the said Act has to be computed, at the rate or rates in force, such income-tax or, as the case may be, "advance tax" shall be so calculated, charged, deducted or computed at the rate or rates specified in Part III of the First Schedule and such tax as reduced by the rebate of income-tax calculated under Chapter VIII-A of the said Act shall be increased,—

(a) in the cases to which Paragraphs A, B, C and D of that Part apply, by a surcharge for purposes of the Union; and

(b) in the cases to which Paragraph E of that Part applies, by a surcharge,

calculated in each case in the manner provided therein:

Provided that in cases to which the provisions of Chapter XII or Chapter XII-A or sub-section (1A) of section 161 or section 164 or section 164A or section 167B of the Income-tax Act apply, "advance tax" shall be computed with reference to the rates imposed by this sub-section or the rates as specified in that Chapter or section, as the case may be:

Provided further that in respect of any income chargeable to tax under section 115B of the Income-tax Act, the "advance tax" computed under the first proviso shall be increased by a surcharge for purposes of the Union calculated at the rate of fifteen per cent. of such "advance tax".

(8) In the cases to which Sub-Paragraph I or Sub-Paragraph II of Paragraph A of Part III of the First Schedule applies, where the assessee has, in the previous year or, if by virtue of any provision of the Income-tax Act, income-tax is to be charged in respect of the income of a period other than the previous year, in such other period, any net agricultural income exceeding six hundred rupees, in addition to total income and the total income exceeds,—

(i) in a case to which the said Sub-Paragraph I applies, twenty-two thousand rupees, and

(ii) in a case to which the said Sub-Paragraph II applies, twelve thousand rupees,

then, in calculating income-tax under the first proviso to sub-section (5) of section 132 of the Income-tax Act or in charging income-tax under sub-section (2) of section 174 or section 175 or sub-section (2) of section 176 of

the said Act or in computing the "advance tax" payable under Chapter XVII-C of the said Act, at the rate or rates in force,—

(a) the net agricultural income shall be taken into account, in the manner provided in clause (b) [that is to say, as if the net agricultural income were comprised in the total income after,—

(i) in a case to which the said Sub-Paragraph I applies, the first twenty-two thousand rupees, and

(ii) in a case to which the said Sub-Paragraph II applies, the first twelve thousand rupees,

of the total income but without being liable to tax], only for the purpose of calculating, charging or computing such income-tax or, as the case may be, "advance tax" in respect of the total income; and

(b) such income-tax or, as the case may be, "advance tax" shall be so calculated, charged or computed as follows:—

(i) the total income and the net agricultural income shall be aggregated and the amount of income-tax or "advance tax" shall be determined in respect of the aggregate income at the rates specified in Sub-Paragraph I or, as the case may be, Sub-Paragraph II of the said Paragraph A, as if such aggregate income were the total income;

(ii) the net agricultural income shall be increased,—

(A) in a case to which the said Sub-Paragraph I applies, by a sum of twenty-two thousand rupees; and

(B) in a case to which the said Sub-Paragraph II applies, by a sum of twelve thousand rupees,

and the amount of income-tax or "advance tax" shall be determined in respect of the net agricultural income as so increased at the rates specified in the said Sub-Paragraph I or, as the case may be, the said Sub-Paragraph II as if the net agricultural income as so increased were the total income;

(iii) the amount of income-tax or "advance tax" determined in accordance with sub-clause (i) shall be reduced by the amount of income-tax or, as the case may be, "advance tax" determined in accordance with sub-clause (ii) and the sum so arrived at shall be the income-tax or, as the case may be, "advance tax" in respect of the total income:

Provided that the amount of income-tax or "advance tax" so arrived at, as reduced by the rebate of income-tax calculated under Chapter VIII-A of the said Act, shall, in the case of every person having a total income exceeding seventy-five thousand rupees, be increased by a surcharge for purposes of the Union calculated at the rate of twelve per cent. of such income-tax or, as the case may be, "advance tax" and the sum so arrived at shall be the income-tax or, as the case may be, "advance tax" in respect of the total income.

(9) For the purposes of this section and the First Schedule,—

(a) "company in which the public are substantially interested" means a company within the meaning of clause (18) of section 2 of the Income-tax Act, and includes a subsidiary of such company if the whole of the share capital of such subsidiary company has been held by the parent company or by its nominees throughout the previous year;

(b) "domestic company" means an Indian company, or any other company which, in respect of its income liable to income-tax under the Income-tax Act for the assessment year commencing on the 1st day of April, 1991, has made the prescribed arrangements for the declaration and payment within India of the dividends (including dividends on preference shares) payable out of such income in accordance with the provisions of section 194 of the Act;

(c) "insurance commission" means any remuneration or reward, whether by way of commission or otherwise, for soliciting or procuring insurance business (including business relating to the continuance, renewal or revival of policies of insurance);

(d) "investment company" means a company whose gross total income (as defined in section 80B of the Income-tax Act) consists mainly of income which is chargeable under the heads "Income from house property", "Capital gains" and "Income from other sources" or of income by way of interest on securities;

(e) "net agricultural income", in relation to a person, means the total amount of agricultural income, from whatever source derived, of that person computed in accordance with the rules contained in Part IV of the First Schedule;

(f) "tax-free security" means any security of the Central Government issued or declared to be income-tax free, or any security of a State Government issued income-tax free, the income-tax whereon is payable by the State Government;

(g) "trading company" means a company whose business consists mainly in dealing in goods or merchandise manufactured, produced or processed by a person other than that company and whose income attributable to such business included in its gross total income (as defined in section 80B of the Income-tax Act) is not less than fifty-one per cent. of the amount of such gross total income;

(h) all other words and expressions used in this section or in the First Schedule but not defined in this sub-section and defined in the Income-tax Act shall have the meanings respectively assigned to them in that Act.

### CHAPTER III

#### DIRECT TAXES

##### *Income-tax*

Amend-  
ment of  
section  
2.

3. In section 2 of the Income-tax Act,—

(a) in clause (29C), after the words "in the case of an individual", the words "association' of persons or, as the case may be, body of individuals" shall be inserted;

(b) in clause (37A), with effect from the 1st day of October, 1991,—

(i) in sub-clause (ii), for the figures, letter and word “, 194D and 195”, the word, figures and letter “and 194D” shall be substituted;

(ii) after sub-clause (ii), the following sub-clause shall be inserted, namely:—

“(iii) for the purposes of deduction of tax under section 195, the rate or rates of income-tax specified in section 115A or the rate or rates of income-tax specified in this behalf in the Finance Act of the relevant year, whichever is applicable.”.

4. In section 9 of the Income-tax Act, in sub-section (1), in clause (vi),—

(a) after the existing proviso and before *Explanation 1*, the following proviso shall be inserted, namely:—

“Provided further that nothing contained in this clause shall apply in relation to so much of the income by way of royalty as consists of lumpsum payment made by a person, who is a resident, for the transfer of all or any rights (including the granting of a licence) in respect of computer software supplied by a non-resident manufacturer along with a computer or computer-based equipment under any scheme approved under the Policy on Computer Software Export, Software Development and Training, 1986 of the Government of India.”;

(b) in *Explanation 1*, for the words “foregoing proviso”, the words “first proviso” shall be substituted;

(c) after *Explanation 2*, the following *Explanation* shall be inserted, namely:—

*Explanation 3.*—For the purposes of this clause, the expression “computer software” shall have the meaning assigned to it in clause (b) of the *Explanation* to section 80HHE.”.

5. In section 10 of the Income-tax Act,—

(a) in clause (3), in the proviso, with effect from the 1st day of October, 1991,—

(i) in clause (iii), the word “or” shall be inserted at the end;

(ii) after clause (iii), the following clause shall be inserted, namely:—

“(iv) winnings from races including horse races;”;

(b) in clause (4), for sub-clause (ii), the following sub-clause shall be substituted, namely:—

“(ii) in the case of an individual, any income by way of interest on moneys standing to his credit in a Non-Resident (External) Account in any bank in India in accordance with the Foreign Exchange Regulation Act, 1973 and the rules made thereunder:—

Amend-  
ment of  
section  
9.

Amend-  
ment of  
section  
10.

Provided that such individual is a person resident outside India as defined in clause (q) of section 2 of the said Act or is a person who has been permitted by the Reserve Bank of India to maintain the aforesaid Account;”;

(c) after clause (8), the following clauses shall be inserted, namely:—

‘(8A) in the case of a consultant—

(a) any remuneration or fee received by him or it, directly or indirectly, out of the funds made available to an international organisation [hereafter referred to in this clause and clause (8B) as the agency] under a technical assistance grant agreement between the agency and the Government of a foreign State; and

(b) any other income which accrues or arises to him or it outside India, and is not deemed to accrue or arise in India, in respect of which such consultant is required to pay any income or social security tax to the Government of the country of his or its origin.

*Explanation.*—In this clause, “consultant” means—

(i) any individual, who is either not a citizen of India or, being a citizen of India, is not ordinarily resident in India; or

(ii) any other person, being a non-resident,

engaged by the agency for rendering technical services in India in connection with any technical assistance programme or project, provided the following conditions are fulfilled, namely:—

(1) the technical assistance is in accordance with an agreement entered into by the Central Government and the agency; and

(2) the agreement relating to the engagement of the consultant is approved by the prescribed authority for the purposes of this clause;

(8B) in the case of an individual who is assigned to duties in India in connection with any technical assistance programme and project in accordance with an agreement entered into by the Central Government and the agency—

(a) the remuneration received by him, directly or indirectly, for such duties from any consultant referred to in clause (8A); and

(b) any other income of such individual which accrues or arises outside India, and is not deemed to accrue or arise in India, in respect of which such individual is required to pay any income or social security tax to the country of his

origin, provided the following conditions are fulfilled, namely:—

(i) the individual is an employee of the consultant referred to in clause (8A) and is either not a citizen of India or, being a citizen of India, is not ordinarily resident in India; and

(ii) the contract of service of such individual is approved by the prescribed authority before the commencement of his service;'

(d) in clause (9),—

(i) after the words, brackets and figure "in clause (8)", the words, brackets, figures and letters "or clause (8A) or, as the case may be, clause (8B)" shall be inserted;

(ii) after the words "foreign State", the words "or, as the case may be, country of origin of such member" shall be inserted;

(e) after clause (10C), the following clause shall be inserted and shall be deemed to have been inserted, with effect from the 1st day of April, 1962, namely:—

"(10D) any sum received under a life insurance policy, including the sum allocated by way of bonus on such policy;"

(f) in clause (15), in sub-clause (iv),—

(i) in item (d), after the words and figures "Export-Import Bank of India Act, 1981,", the words and figures "or the National Housing Bank established under section 3 of the National Housing Bank Act, 1987," shall be inserted;

(ii) after item (f), the following item shall be inserted, namely:—

'(fa) by a scheduled bank, on deposits in foreign currency where the acceptance of such deposits by the bank is approved by the Reserve Bank of India.

*Explanation.*—For the purposes of this item, the expression "scheduled bank" shall have the meaning assigned to it in clause (ii) of the *Explanation* to clause (vii) of sub-section (1) of section 36;'

(iii) in the *Explanation* below item (g), for the words, brackets and letters "items (f) and (g)", the words, brackets and letters "items (f), (fa) and (g)" shall be substituted;

(iv) the following *Explanation* shall be inserted at the end, namely:—

*Explanation.*—For the purposes of this sub-clause, the expression "industrial undertaking" means any undertaking which is engaged in—

(a) the manufacture or processing of goods; or

(b) the business of generation or distribution of electricity or any other form of power; or

28 of 1981.  
53 of 1987.

- (c) mining; or
- (d) the construction of ships; or
- (e) the operation of ships or aircrafts;'

(g) in clause (21), in the second proviso, for the words "Provided further", the following shall be substituted and shall be deemed to have been substituted, with effect from the 1st day of April, 1990, namely:—

"Provided further that the exemption under this clause shall not be denied in relation to voluntary contribution, other than voluntary contribution in cash or voluntary contribution of the nature referred to in clause (b) of the first proviso to this clause, subject to the condition that such voluntary contribution is not held by the scientific research association, otherwise than in any one or more of the forms or modes specified in sub-section (5) of section 11, after the expiry of one year from the end of the previous year in which such asset is acquired or the 31st day of March, 1992, whichever is later:

Provided also";

(h) in clause (23),—

(i) in the fourth proviso, for the words, figures and letters "the 30th day of March, 1990", the words, figures and letters "the 30th day of March, 1992" shall be substituted and shall be deemed to have been substituted, with effect from the 1st day of April, 1990;

(ii) after the fourth proviso, the following proviso shall be inserted and shall be deemed to have been inserted, with effect from the 1st day of April, 1990, namely:—

"Provided also that the exemption under this clause shall not be denied in relation to voluntary contribution, other than voluntary contribution in cash or voluntary contribution of the nature referred to in clause (b) of the third proviso to this clause, subject to the condition that such voluntary contribution is not held by the association or institution, otherwise than in any one or more of the forms or modes specified in sub-section (5) of section 11, after the expiry of one year from the end of the previous year in which such asset is acquired or the 31st day of March, 1992, whichever is later.";

(i) in clause (23C),—

(a) in the fourth proviso, for the words, figures and letters "the 30th day of March, 1990", the words, figures and letters "the 30th day of March, 1992" shall be substituted and shall be deemed to have been substituted, with effect from the 1st day of April, 1990;

(b) after the fourth proviso, the following proviso shall be inserted and shall be deemed to have been inserted, with effect from the 1st day of April, 1990, namely:—

"Provided also that the exemption under sub-clause (iv) or sub-clause (v) shall not be denied in relation to voluntary

contribution, other than voluntary contribution in cash or voluntary contribution of the nature referred to in clause (b) of the third proviso to this sub-clause, subject to the condition that such voluntary contribution is not held by the trust or institution, otherwise than in any one or more of the forms or modes specified in sub-section (5) of section 11, after the expiry of one year from the end of the previous year in which such asset is acquired or the 31st day of March, 1992, whichever is later.”.

6. In section 11 of the Income-tax Act, for sub-section (4A), the following sub-section shall be substituted, with effect from the 1st day of April, 1992, namely:—

“(4A) Sub-section (1) or sub-section (2) or sub-section (3) or sub-section (3A) shall not apply in relation to any income of a trust or an institution, being profits and gains of business, unless the business is incidental to the attainment of the objectives of the trust or, as the case may be, institution, and separate books of account are maintained by such trust or institution in respect of such business.”.

7. In section 12A of the Income-tax Act, in clause (a), for the proviso, the following proviso shall be substituted, with effect from the 1st day of October, 1991, namely:—

“Provided that where an application for registration of the trust or institution is made after the expiry of the period aforesaid, the provisions of sections 11 and 12 shall apply in relation to the income of such trust or institution,—

(i) from the date of the creation of the trust or the establishment of the institution if the Chief Commissioner or Commissioner is, for reasons to be recorded in writing, satisfied that the person in receipt of the income was prevented from making the application before the expiry of the period aforesaid for sufficient reasons;

(ii) from the first day of the financial year in which the application is made, if the Chief Commissioner or Commissioner is not so satisfied.”.

8. In section 13 of the Income-tax Act,—

(a) in sub-section (1), in clause (d), in the proviso, after clause (ii), the following clause shall be inserted and shall be deemed to have been inserted, with effect from the 1st day of April, 1983, namely:—

“(iia) any asset, not being an investment or deposit in any of the forms or modes specified in sub-section (5) of section 11, where such asset is not held by the trust or institution, otherwise than in any of the forms or modes specified in sub-section (5) of section 11, after the expiry of one year from the end of the previous year in which such asset is acquired or the 31st day of March, 1992, whichever is later;”;

Amend-  
ment of  
section  
11.

Amend-  
ment of  
section  
12A.

Amend-  
ment of  
section  
13.

(b) after sub-section (4), the following sub-section shall be inserted and shall be deemed to have been inserted, with effect from the 1st day of April, 1983, namely:—

“(5) Notwithstanding anything contained in clause (d) of sub-section (1), where any assets (being debentures issued by, or on behalf of, any company or corporation) are acquired by the trust or institution after the 28th day of February, 1993 but before the 25th day of July, 1991, the exemption under section 11 or section 12 shall not be denied in relation to any income other than the income arising to the trust or the institution from such assets, by reason only that the funds of the trust or the institution have been invested in such assets if such funds do not continue to remain so invested in such assets after the 31st day of March, 1992.”.

Amend-  
ment of  
section 17.

9. In section 17 of the Income-tax Act, in clause (2), after sub-clause (v), the following shall be inserted, namely:—

‘Provided that nothing in this clause shall apply to,—

(i) the value of any medical treatment provided to an employee or any member of his family in any hospital maintained by the employer;

(ii) any sum paid by the employer in respect of any expenditure actually incurred by the employee on his medical treatment or treatment of any member of his family in any hospital maintained by Government or any local authority or any other hospital approved by the Government for the purposes of medical treatment of its employees;

(iii) any portion of the premium paid by an employer in relation to an employee, to effect or to keep in force an insurance on the health of such employee under any scheme approved by the Central Government for the purposes of clause (ib) of sub-section (1) of section 36;

(iv) any sum paid by the employer in respect of any premium paid by the employee to effect or to keep in force an insurance on his health or the health of any member of his family under any scheme approved by the Central Government for the purposes of section 80D;

(v) any sum paid by the employer in respect of any expenditure actually incurred by the employee on his medical treatment or treatment of any member of his family [other than the treatment referred to in clauses (i) and (ii)]; so, however, that such sum does not exceed ten thousand rupees in the previous year;

(vi) any expenditure incurred by the employer on—

(1) medical treatment of the employee, or any member of the family of such employee, outside India;

(2) travel or stay abroad of the employee or any member of the family of such employee for medical treatment;

(3) travel and stay abroad of one attendant who accompanies the patient in connection with such treatment,

subject to the condition that the expenditure on travel referred to in sub-clauses (2) and (3) of this clause shall be excluded from perquisite only in the case of an employee whose gross total income, as computed before including therein the said expenditure, does not exceed one lakh rupces and subject to such further conditions and limits in relation to such expenditure as the Board may, having regard to the guidelines, if any, issued by the Reserve Bank of India in this behalf, prescribe;

(vii) any sum paid by the employer in respect of any expenditure actually incurred by the employee for any of the purposes specified in clause (vi) subject to the conditions specified in or under that clause.

*Explanation*—For the purposes of clause (2),—

(i) “hospital” includes a dispensary or a clinic;

(ii) “family”, in relation to an individual, shall have the same meaning as in clause (5) of section 10; and

(iii) “gross total income” shall have the same meaning as in clause (5) of section 80B;.

**10.** In section 29 of the Income-tax Act, for the figures and letter “43C”, the figures and letter “43D” shall be substituted, with effect from the 1st day of April, 1992.

Amendment of section 29.

**11.** In section 32 of the Income-tax Act, in sub-section (1), in clause (i), with effect from the 1st day of April, 1992,—

Amendment of section 32.

(a) for the second proviso, the following proviso shall be substituted, namely:—

“Provided further that no deduction shall be allowed under this clause in respect of—

(a) any motor car manufactured outside India, where such motor car is acquired by the assessee after the 28th day of February, 1975, unless it is used—

(i) in a business of running it on hire for tourists; or

(ii) outside India in his business or profession in another country; and

(b) any machinery or plant if the actual cost thereof is allowed as a deduction in one or more years under an agreement entered into by the Central Government under section 42;”;

(b) after the second proviso, the following proviso shall be inserted, namely:—

“Provided also that where any asset falling within a block of assets is acquired by the assessee during the previous year and is put to use for the purposes of business or profession for a period of less than one hundred and eighty days in that previous year, the deduction under this clause in respect of such asset shall be

restricted to fifty per cent. of the amount calculated at the percentage prescribed under this clause in the case of block of assets comprising such asset:”.

Amend-  
ment of  
section  
35.

12. In section 35 of the Income-tax Act, in sub-section (1), for clause (iii), the following clause shall be substituted, with effect from the 1st day of April, 1992, namely:—

“(iii) any sum paid to a university, college or other institution to be used for research in social science or statistical research:

Provided that such university, college or institution is for the time being approved for the purposes of this clause by the prescribed authority by notification in the Official Gazette;”.

Insersion  
of  
new  
section  
35AC.

13. After section 35AB of the Income-tax Act, the following section shall be inserted, with effect from the 1st day of April, 1992, namely:—

‘35AC. (1) Where an assessee incurs any expenditure by way of payment of any sum to a public sector company or a local authority or to an association or institution approved by the National Committee for carrying out any eligible project or scheme, the assessee shall, subject to the provisions of this section, be allowed a deduction of the amount of such expenditure incurred during the previous year:

Provided that a company may, for claiming the deduction under this sub-section, incur expenditure either by way of payment of any sum as aforesaid or directly on the eligible project or scheme.

(2) The deduction under sub-section (1) shall not be allowed unless the assessee furnishes along with his return of income a certificate—

(a) where the payment is to a public sector company or a local authority or an association or institution referred to in sub-section (1), from such public sector company or local authority, or, as the case may be, association or institution;

(b) in any other case, from an accountant, as defined in the *Explanation* below sub-section (2) of section 288,

in such form, manner and containing such particulars (including particulars relating to the progress in the work relating to the eligible project or scheme during the previous year) as may be prescribed.

(3) Where a deduction under this section is claimed and allowed for any assessment year in respect of any expenditure referred to in sub-section (1), deduction shall not be allowed in respect of such expenditure under any other provision of this Act for the same or any other assessment year.

*Explanation.*—For the purposes of this section,—

(a) “National Committee” means the Committee constituted by the Central Government, from amongst persons of eminence in public life, in accordance with the rules made under this Act;

(b) "eligible project or scheme" means such project or scheme for promoting the social and economic welfare of, or the uplift of, the public as the Central Government may, by notification in the Official Gazette, specify in this behalf on the recommendations of the National Committee'.

**14. In section 36 of the Income-tax Act, in sub-section (1),—**

(i) in clause (viiia), with effect from the 1st day of April, 1992,—

(a) after sub-clause (b), the following sub-clause shall be inserted, namely:—

"(c) a public financial institution or a State financial corporation or a State industrial investment corporation, an amount not exceeding five per cent. of the total income (computed before making any deduction under this clause and Chapter VI-A).";

(b) in the *Explanation*, after clause (ii), the following clauses shall be inserted, namely:—

'(iii) "public financial institution" shall have the meaning assigned to it in section 4A of the Companies Act, 1956;

(iv) "State financial corporation" means a financial corporation established under section 3 or section 3A or an institution notified under section 46 of the State Financial Corporations Act, 1951;

(v) "State industrial investment corporation" means a Government company within the meaning of section 617 of the Companies Act, 1956, engaged in the business of providing long-term finance for industrial projects and approved by the Central Government under clause (viii) of this sub-section;';

(ii) in clause (viii), for the *Explanation*, the following *Explanation* shall be substituted and shall be deemed to have been substituted with effect from the 1st day of April, 1987, namely:—

'*Explanation*.—In this clause,—

(a) "financial corporation" shall include a public company;

(b) "public company" shall have the meaning assigned to it in section 3 of the Companies Act, 1956.'

**15. After section 43C of the Income-tax Act, the following section shall be inserted, namely:—**

'43D. Notwithstanding anything to the contrary contained in any other provision of this Act, in the case of a public financial institution or a scheduled bank or a State financial corporation or a State industrial investment corporation, the income by way of interest in relation to such categories of bad or doubtful debts as may be prescribed having regard to the guidelines issued by the Reserve Bank of India in relation to such debts, shall be chargeable to tax in the previous year in which it is credited by the public

Amend-  
ment of  
section  
36.

1 of 1956.

63 of 1951.

1 of 1956.

1 of 1956.

Insertion  
of new  
section  
43D.

Special  
provi-  
sion in  
case of  
income  
of public  
financial  
institu-  
tions, etc.

financial institution or the scheduled bank or the State financial corporation or the State industrial investment corporation to its profit and loss account for that year or, as the case may be, in which it is actually received by that institution or bank or corporation, whichever is earlier.

*Explanation.*—For the purposes of this section—

(a) “public financial institution” shall have the meaning assigned to it in section 4A of the Companies Act, 1956;

(b) “scheduled bank” shall have the meaning assigned to it in clause (ii) of the *Explanation* to clause (viii) of sub-section (1) of section 36;

(c) “State financial corporation” means a financial corporation established under section 3 or section 3A or an institution notified under section 46 of the State Financial Corporations Act, 1951;

(d) “State industrial investment corporation” means a Government company within the meaning of section 617 of the Companies Act, 1956, engaged in the business of providing long-term finance for industrial projects and approved by the Central Government under clause (viii) of sub-section (1) of section 36.’

Amendment of section 44D.

16. In section 44D of the Income-tax Act, after clause (c), the following clause shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 1989, namely:—

“(d) no deduction in respect of any expenditure or allowance shall be allowed under any of the said sections in computing the income referred to in clause (ab) of sub-section (1) of section 115A.”.

Amendment of section 45.

17. In section 45 of the Income-tax Act,—

(a) in sub-section (1), for the word, figures and letter “and 54G”, the figures, letters and word “,54G and 54H” shall be substituted;

(b) in sub-section (5), in clause (a), for the words ‘income under the head “Capital gains” of the previous year in which the transfer took place’, the words ‘income under the head “Capital gains” of the previous year in which such compensation or part thereof, or such consideration or part thereof, was first received’ shall be substituted and shall be deemed to have been substituted with effect from the 1st day of April, 1988.

Amendment of section 47.

18. In section 47 of the Income-tax Act, after clause (ix) and the *Explanation* thereto, the following clause shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 1962, namely:—

“(x) any transfer by way of conversion of debentures, debenture-stock or deposit certificates in any form, of a company into shares or debentures of that company.”.

Amendment of section 48.

19. In section 48 of the Income-tax Act, in sub-section (2), for the words “ten thousand rupees”, wherever they occur, the words “fifteen thousand rupees” shall be substituted with effect from the 1st day of April, 1992.

1 of 1956.

63 of 1951

1 of 1956.

**20.** In section 49 of the Income-tax Act, after sub-section (2), the following sub-section shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 1962, namely:—

“(2A) Where the capital asset, being a share or debenture in a company, became the property of the assessee in consideration of a transfer referred to in clause (x) of section 47, the cost of acquisition of the asset to the assessee shall be deemed to be that part of the cost of debenture, debenture-stock or deposit certificates in relation to which such asset is acquired by the assessee.”.

**21.** After section 54G of the Income-tax Act, the following section shall be inserted, with effect from the 1st day of October, 1991, namely:—

“54H. Notwithstanding anything contained in sections 54, 54B, 54D, 54E and 54F, where the transfer of the original asset is by way of compulsory acquisition under any law and the amount of compensation awarded for such acquisition is not received by the assessee on the date of such transfer, the period for acquiring the new asset by the assessee referred to in those sections or, as the case may be, the period available to the assessee under those sections for depositing or investing the amount of capital gain in relation to such compensation as is not received on the date of the transfer, shall be reckoned from the date of receipt of such compensation:

Provided that where the compensation in respect of transfer of the original asset by way of compulsory acquisition under any law is received before the 1st day of April, 1991, the aforesaid period or periods, if expired, shall extend up to the 31st day of December, 1991.”.

**22.** In section 57 of the Income-tax Act, for the proviso, the following proviso shall be substituted and shall be deemed to have been substituted with effect from the 1st day of April, 1989, namely:—

“Provided that nothing contained in clause (i) or clause (iii) shall apply in computing the income referred to in clause (a) or clause (aa) or clause (ab) of sub-section (1) of section 115A in the case of an assessee, being a foreign company.”.

**23.** For section 71 of the Income-tax Act, the following section shall be substituted, with effect from the 1st day of April, 1992, namely:—

“71. (1) Where in respect of any assessment year the net result of the computation under any head of income, other than “Capital gains”, is a loss and the assessee has no income under the head “Capital gains”, he shall, subject to the provisions of this Chapter, be entitled to have the amount of such loss set off against his income, if any, assessable for that assessment year under any other head.

(2) Where in respect of any assessment year, the net result of the computation under any head of income, other than “Capital gains”, is a loss and the assessee has income assessable under the head “Capital gains”, such loss may, subject to the provisions of this

Amend-  
ment of  
section  
49.

Insertion  
of new  
section  
54H.

Exten-  
sion of  
time for  
acquiring  
new  
asset or  
deposit-  
ing or  
invest-  
ing  
amount  
of  
capital  
gain.

Amend-  
ment of  
section  
57.

Substi-  
tution of  
new  
section  
for  
section  
71.

Set off  
of loss  
from  
one  
head  
against  
income  
from  
another.

Chapter, be set off against his income, if any, assessable for that assessment year under any head of income including the head "Capital gains" (whether relating to short-term capital assets or any other capital assets).

(3) Where in respect of any assessment year, the net result of the computation under the head "Capital gains" is a loss and the assessee has income assessable under any other head of income, the assessee shall not be entitled to have such loss set off against income under the other head.'

Amend-  
ment of  
section  
74.

24. In section 74 of the Income-tax Act, in sub-section (1), the words and figures "and such loss cannot be or is not wholly set off against income under any other head of income in accordance with the provisions of section 71, so much of the loss as has not been so set off, or where he has no income under any other head" shall be omitted, with effect from the 1st day of April, 1992.

Amend-  
ment of  
section  
80CCA.

25. In section 80CCA of the Income-tax Act, with effect from the 1st day of October, 1991,—

(a) in sub-section (1), in clause (i), the brackets and words "(hereafter in this section referred to as the National Savings Scheme)" shall be omitted;

(b) in sub-section (2), in clause (a), for the words "under the National Savings Scheme", the words, brackets, letter and figure "under the scheme referred to in clause (i) of sub-section (1)" shall be substituted;

(c) in *Explanation 1*, for the words "under the National Savings Scheme", the words, brackets, letter and figure "under the scheme referred to in clause (i) of sub-section (1)" shall be substituted.

Amend-  
ment of  
section  
80G.

26. In section 80G of the Income-tax Act,—

(a) in sub-section (1), in clause (i), after the words, brackets, figures and letters "sub-clause (iiia)", the words, brackets, figures and letters "or in sub-clause (iiab)" shall be inserted;

(b) in sub-section (2), in clause (a),—

(i) after sub-clause (iiia), the following sub-clause shall be inserted, namely:—

“(iiab) the Africa (Public Contributions—India) Fund; or”;

(ii) after sub-clause (iiic), the following sub-clause shall be inserted, with effect from the 1st day of April, 1992, namely:—

“(iid) the Rajiv Gandhi Foundation, the deed of declaration in respect whereof was registered at New Delhi on the 21st day of June, 1991; or”;

(c) in sub-section (5), after clause (v), the following clause shall be inserted, with effect from the 1st day of October, 1991, namely:—

“(vi) in relation to donations made after the 31st day of March, 1992, the institution or fund is for the time being approved by the Commissioner in accordance with the rules made in this behalf:

Provided that any approval shall have effect for such assessment year or years, not exceeding three assessment years, as may be specified in the approval".

27. In section 80GGA of the Income-tax Act, in sub-section (2), with effect from the 1st day of April, 1992,—

(i) after clause (a), the following clause shall be inserted, namely:—

“(aa) any sum paid by the assessee in the previous year to a university, college or other institution to be used for research in social science or statistical research:

Provided that such university, college or institution is for the time being approved for the purposes of clause (iii) of sub-section (1) of section 35;”;

(ii) after clause (b), the following clause shall be inserted, namely:—

‘(bb) any sum paid by the assessee in the previous year to a public sector company or a local authority or to an association or institution approved by the National Committee, for carrying out any eligible project or scheme:

Provided that the assessee furnishes the certificate referred to in clause (a) of sub-section (2) of section 35AC from such public sector company or local authority or, as the case may be, association or institution.

*Explanation.*—For the purposes of this clause, the expressions “National Committee” and “eligible project or scheme” shall have the meanings respectively assigned to them in the *Explanation* to section 35AC.’.

28. In section 80HHC of the Income-tax Act,—

(a) in sub-section (2),—

(i) in clause (b), in sub-clause (ii), after the words “minerals and ores”, the brackets and words “(other than processed minerals and ores specified in the Twelfth Schedule)” shall be inserted;

(ii) the following *Explanations* shall be inserted at the end, with effect from the 1st day of April, 1992, namely:—

“Explanation 1.—The sale proceeds referred to in clause (a) shall be deemed to have been received in India where such sale proceeds are credited to a separate account maintained for the purpose by the assessee with any bank outside India with the approval of the Reserve Bank of India.

Explanation 2.—For the removal of doubts, it is hereby declared that where any goods or merchandise are transferred by an assessee to a branch, office, warehouse or any other establishment of the assessee situate outside India and such goods or merchandise are sold from such branch, office, warehouse or establishment, then, such transfer shall be deemed to be export out of India of such goods and merchandise and the value of such goods or merchandise declared in the shipping bill or bill of export as referred to in sub-section (1) of section 50 of the Customs Act, 1962, shall, for the purposes of this section, be deemed to be the sale proceeds thereof.”;

(b) for sub-section (3), the following sub-section shall be substituted with effect from the 1st day of April, 1992, namely—

‘(3) For the purposes of sub-section (1),—

(a) where the export out of India is of goods or merchandise manufactured by the assessee, the profits derived from such export shall be the amount which bears to the profits of the business, the same proportion as the export turnover in respect of such goods bears to the total turnover of the business carried on by the assessee;

(b) where the export out of India is of trading goods, the profits derived from such export shall be the export turnover in respect of such trading goods as reduced by the direct costs and indirect costs attributable to such export;

(c) where the export out of India is of goods or merchandise manufactured by the assessee and of trading goods, the profits derived from such export shall,—

(i) in respect of the goods or merchandise manufactured by the assessee, be the amount which bears to the adjusted profits of the business, the same proportion as the adjusted export turnover in respect of such goods bears to the adjusted total turnover of the business carried on by the assessee; and

(ii) in respect of trading goods, be the export turnover in respect of such trading goods as reduced by the direct and indirect costs attributable to export of such trading goods:

Provided that the profits computed under clause (a) or clause (b) or clause (c) of this sub-section shall be further increased by the amount which bears to ninety per cent. of any sum referred to in clause (iiia) (not being profits on sale of a licence acquired from any other person), and clauses (iiib) and (iiic) of section 28, the same proportion as the export turnover bears to the total turnover of the business carried on by the assessee.

*Explanation.*—For the purposes of this sub-section.—

(a) “adjusted export turnover” means the export turnover as reduced by the export turnover in respect of trading goods;

(b) “adjusted profits of the business” means the profits of the business as reduced by the profits derived from the business of export out of India of trading goods as computed in the manner provided in clause (b) of sub-section (3);

(c) “adjusted total turnover” means the total turnover of the business as reduced by the export turnover in respect of trading goods;

(d) “direct costs” means costs directly attributable to the trading goods exported out of India including the purchase price of such goods;

(e) "indirect costs" means costs, not being direct costs, allocated in the ratio of the export turnover in respect of trading goods to the total turnover;

(f) "trading goods" means goods which are not manufactured by the assessee;—

(g) in sub-section (3A), with effect from the 1st day of April, 1992,—

(i) in clause (a), the words 'as computed under the head "Profits and gains of business or profession"' shall be omitted;

(ii) in clause (b), the brackets and words '(as computed under the head "Profits and gains of business or profession")' shall be omitted;

(d) in sub-section (4), for the words "on the basis of the amount of export turnover", the words "in accordance with the provisions of this section" shall be substituted, with effect from the 1st day of April, 1992;

(e) in the *Explanation*,—

(i) after clause (a), the following clause shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 1986, namely:—

'(aa) "export out of India" shall not include any transaction by way of sale or otherwise, in a shop, emporium or any other establishment situate in India, not involving clearance at any customs station as defined in the Customs Act, 1962;'

(ii) (I) after clause (b), the following clause shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 1987, namely:—

'(ba) "total turnover" shall not include freight or insurance attributable to the transport of the goods or merchandise beyond the customs station as defined in the Customs Act, 1962:

Provided that in relation to any assessment year commencing on or after the 1st day of April, 1991, the expression "total turnover" shall have effect as if it also excluded any sum referred to in clauses (iiia), (iiib) and (iiic) of section 28;'

(2) after clause (ba) as so inserted, the following clause shall be inserted, with effect from the 1st day of April, 1992, namely:—

'(baa) "profits of the business" means the profits of the business as computed under the head "Profits and gains of business or profession" as reduced by—

(1) ninety per cent. of any sum referred to in clauses (iiia), (iiib) and (iiic) of section 28 or of any

52 of 1962.

52 of 1962.

receipts by way of brokerage, commission, interest, rent, charges or any other receipt of a similar nature included in such profits; and

(2) the profits of any branch, office, warehouse or any other establishment of the assessee situate outside India;';

(iii) clause (bb) shall be omitted.

Amend-  
ment of  
Section  
80 HHD.

**29. In section 80HHD of the Income-tax Act,—**

(a) in sub-section (1), the following proviso shall be inserted at the end, with effect from the 1st day of October, 1991, namely:—

“Provided that a hotel or, as the case may be, a tour operator approved by the prescribed authority on or after the 30th day of November, 1989 and before the 1st day of October, 1991, shall be deemed to have been approved by the prescribed authority for the purposes of this section in relation to the assessment year commencing on the 1st day of April, 1989 or the 1st day of April, 1990 or, as the case may be, the 1st day of April, 1991 if the assessee was engaged in the business of such hotel or as such tour operator during the previous year relevant to any of the said assessment years.”;

(b) in sub-section (2), the following *Explanation* shall be inserted at the end, with effect from the 1st day of April, 1992, namely:—

“*Explanation.*—For the purposes of this sub-section, any payment received by an assessee, engaged in the business of a hotel or of a tour operator or of a travel agent, in Indian currency obtained by conversion of foreign exchange brought into India through an authorised dealer, from a tour operator or, as the case may be, a travel agent on behalf of a foreign tourist or group of foreign tourists, shall be deemed to have been received by the assessee in convertible foreign exchange if the person making the payment furnishes to the assessee a certificate specified in sub-section (2A).”;

(c) after sub-section (2), the following sub-section shall be inserted, with effect from the 1st day of April, 1992, namely:—

“(2A) Every person making payment to an assessee referred to in the *Explanation* to sub-section (2) out of Indian currency obtained by conversion of foreign exchange received from or on behalf of a foreign tourist or a group of foreign tourists shall furnish to that assessee a certificate in the prescribed form indicating the amount received in foreign exchange, its conversion into Indian currency and such other particulars as may be prescribed.”;

(d) in sub-section (6), for the words “amount of convertible foreign exchange received by the assessee for services provided by

him to the foreign tourist", the following shall be substituted, with effect from the 1st day of April, 1992, namely:—

"aggregate of the amount of convertible foreign exchange received by the assessee for services provided by him to foreign tourists and the payments received by him in Indian currency as referred to in the *Explanation* to sub-section (2);"

(e) in the *Explanation*, after clause (c), the following clause shall be inserted, with effect from the 1st day of April, 1992, namely:—

'(d) "authorised dealer", "foreign exchange" and "Indian currency" shall have the meanings respectively assigned to them in clauses (b), (h) and (k) of section 2 of the Foreign Exchange Regulation Act, 1973.'.

46 of 1973.

30. After section 80HHD of the Income-tax Act, the following section shall be inserted, namely:—

Insertion of new section 80HHE.

'80HHE. (1) Where an assessee, being an Indian company or a person (other than a company) resident in India, is engaged in the business of,—

(i) export out of India of computer software or its transmission from India to a place outside India by any means;

(ii) providing technical services outside India in connection with the development of production of computer software,

there shall, in accordance with and subject to the provisions of this section, be allowed, in computing the total income of the assessee, a deduction of the profits derived by the assessee from such business:

Provided that no such deduction shall be allowed in relation to the assessment year commencing on the 1st day of April, 1994 or any subsequent assessment year.

(2) The deduction specified in sub-section (1) shall be allowed only if the consideration in respect of the computer software referred to in that sub-section is received in, or brought into, India by the assessee in convertible foreign exchange, within a period of six months from the end of the previous year or, where the Commissioner is satisfied (for reasons to be recorded in writing) that the assessee is, for reasons beyond his control, unable to do so within the said period of six months, within such further period as the Commissioner may allow in this behalf.

*Explanation.*—The said consideration shall be deemed to have been received in India where it is credited to a separate account maintained for the purpose by the assessee with any bank outside India with the approval of the Reserve Bank of India.

(3) For the purposes of sub-section (1), profits derived from the business referred to in that sub-section shall be the amount which bears to the profits of the business, the same proportion as the export turnover bears to the total turnover of the business carried on by the assessee.

Deduction in respect of profits from export of computer software, etc.

(4) The deduction under sub-section (1) shall not be admissible unless the assessee furnishes in the prescribed form, along with the return of income, the report of an accountant, as defined in the *Explanation* below sub-section (2) of section 288, certifying that the deduction has been correctly claimed in accordance with the provisions of this section.

(5) Where a deduction under this section is claimed and allowed in respect of profits of the business referred to in sub-section (1) for any assessment year, no deduction shall be allowed in relation to such profits under any other provision of this Act for the same or any other assessment year.

*Explanation.*—For the purposes of this section,—

(a) “convertible foreign exchange” shall have the meaning assigned to it in clause (a) of the *Explanation* to section 80HHC;

(b) ‘computer software’ means any computer programme recorded on any disc, tape, perforated media or other information storage device and includes any such programme which is transmitted from India to a place outside India by any means;

(c) “export turnover” means the consideration in respect of computer software received in, or brought into, India by the assessee in convertible foreign exchange in accordance with sub-section (2), but does not include freight, telecommunication charges or insurance attributable to the delivery of the computer software outside India or expenses, if any, incurred in foreign exchange in providing the technical services outside India;

(d) “profits of the business” means the profits of the business as computed under the head “Profits and gains of business or profession” as reduced by—

(1) ninety per cent. of any receipts by way of brokerage, commission, interest, rent, charges or any other receipt of a similar nature included in such profits; and

(2) the profits of any branch, office, warehouse or any other establishment of the assessee situate outside India;

(e) “total turnover” shall not include—

(i) any sum referred to in clauses (iiia), (iiib) and (iiic) of section 28;

(ii) any freight, telecommunication charges or insurance attributable to the delivery of the computer software outside India; and

(iii) expenses, if any, incurred in foreign exchange in providing the technical services outside India.’

31. In section 80-I of the Income-tax Act,—

(a) in sub-section (1A), after the figures, letters and words “1st day of April, 1990”, the words, figures and letters “but before the 1st day of April, 1991” shall be inserted;

- (b) in sub-section (2), in clause (iii), for the words "fourteen years", the words "ten years" shall be substituted;
- (c) in sub-section (3), in clause (ii), for the words "fourteen years", the words "ten years" shall be substituted;
- (d) in sub-section (4), in clause (iv), for the figures "1995", the figures "1991" shall be substituted;
- (e) in sub-section (5), in the third proviso, after the words, figures and letters "the 1st day of April, 1990", the words, figures and letters "but before the 1st day of April, 1991" shall be inserted.

32. After section 80-I of the Income-tax Act, the following section shall be inserted, namely:—

Inser-  
tion of  
new  
section  
80-IA.

Dedu-  
ction  
in respect  
of profits  
and  
gains  
from  
industrial  
under-  
takings,  
etc., in  
certain  
cases.

**'80-IA.** (1) Where the gross total income of an assessee includes any profits and gains derived from any business of an industrial undertaking or a hotel or operation of a ship (such business being hereinafter referred to as the eligible business), to which this section applies, there shall, in accordance with and subject to the provisions of this section, be allowed, in computing the total income of the assessee, a deduction from such profits and gains of an amount equal to the percentage specified in sub-section (5) and for such number of assessment years as is specified in sub-section (6).

(2) This section applies to any industrial undertaking which fulfils all the following conditions, namely:—

(i) it is not formed by splitting up, or the reconstruction, of a business already in existence;

Provided that this condition shall not apply in respect of an industrial undertaking which is formed as a result of the re-establishment, reconstruction or revival by the assessee of the business of any such industrial undertaking as is referred to in section 33B, in the circumstances and within the period specified in that section;

(ii) it is not formed by the transfer to a new business of machinery or plant previously used for any purpose;

(iii) it manufactures or produces any article or thing, not being any article or thing specified in the list in the Eleventh Schedule, or operates one or more cold storage plant or plants, in any part of India;

Provided that the condition in this clause shall, in relation to a small-scale industrial undertaking, apply as if the words "not being any article or thing specified in the list in the Eleventh Schedule" had been omitted;

(iv) it begins to manufacture or produce articles or things or to operate such plant or plants, at any time during the period beginning on the 1st day of April, 1991 and ending on the 31st day of March, 1995, or such further period as the Central Government may, by notification in the Official Gazette, specify with reference to any particular industrial undertaking;

(v) in a case where the industrial undertaking manufactures or produces articles or things, the undertaking employs ten or more workers in a manufacturing process carried on with the aid of power, or employs twenty or more workers in a manufacturing process carried on without the aid of power.

*Explanation 1.*—For the purposes of clause (ii) of this sub-section, any machinery or plant which was used outside India by any person other than the assessee shall not be regarded as machinery or plant previously used for any purpose, if the following conditions are fulfilled, namely:—

(a) such machinery or plant was not, at any time previous to the date of the installation by the assessee, used in India;

(b) such machinery or plant is imported into India from any country outside India; and

(c) no deduction on account of depreciation in respect of such machinery or plant has been allowed or is allowable under the provisions of this Act in computing the total income of any person for any period prior to the date of the installation of the machinery or plant by the assessee.

*Explanation 2.*—Where in the case of an industrial undertaking, any machinery or plant or any part thereof previously used for any purpose is transferred to a new business and the total value of the machinery or plant or part so transferred does not exceed twenty per cent. of the total value of the machinery or plant used in the business, then, for the purposes of clause (ii) of this sub-section, the condition specified therein shall be deemed to have been complied with.

(3) This section applies to any ship, where all the following conditions are fulfilled, namely:—

(i) it is owned by an Indian company and is wholly used for the purposes of the business carried on by it;

(ii) it was not, previous to the date of its acquisition by the Indian company, owned or used in Indian territorial waters by a person resident in India; and

(iii) it is brought into use by the Indian company at any time during the period beginning on the 1st day of April, 1991 and ending on the 31st day of March, 1995.

(4) This section applies to the business of any hotel, where conditions (i), (ii), (v), and either of the conditions (ii') or (iv), are fulfilled, namely:—

(i) the business of the hotel is not formed by the splitting up, or the reconstruction, of a business already in existence or by the transfer to a new business of a building previously used as a hotel or of any machinery or plant previously used for any purpose;

(ii) the business of the hotel is owned and carried on by a company registered in India with a paid-up capital of not less than five hundred thousand rupees;

(iii) the business of the hotel, located in a hilly area or a rural area or a place of pilgrimage or such other place as the Central Government may having regard to the need for development of infrastructure for tourism in any place and other relevant considerations specify for the purpose of this clause, starts functioning at any time during the period beginning on the 1st day of April, 1990 and ending on the 31st day of March, 1994;

(iv) the business of the hotel—

(1) located in any place, or

(2) located in a place other than a place referred to in clause (iii) of this sub-section,

starts functioning at any time during the period beginning on the 1st day of April, 1991 and ending on the 31st day of March, 1995;

(v) the hotel is for the time being approved by the prescribed authority.

(5) The amount referred to in sub-section (1) shall be—

(i) in the case of an industrial undertaking, twenty-five per cent. of the profits and gains derived from such industrial undertaking:

Provided that where the assessee is a company, the provisions of this clause shall have effect as if for the words "twenty-five per cent.", the words "thirty per cent." had been substituted;

(ii) in the case of a hotel referred to in clause (iii) of sub-section (4), fifty per cent. of the profits and gains derived from the business of such hotel:

Provided that the said hotel is approved by the prescribed authority for the purpose of this clause in accordance with the rules made under this Act;

Provided further that the said hotel approved by the prescribed authority before the 31st day of March, 1992, shall be deemed to have been approved by the prescribed authority for the purposes of this section in relation to the assessment year commencing on the 1st day of April, 1991;

(iii) in the case of a hotel referred to in clause (iv) of sub-section (4), thirty per cent. of the profits and gains derived from the business of such hotel;

(iv) in the case of a ship, thirty per cent. of the profits and gains derived from such ship.

(6) The number of assessment years referred to in sub-section (1) shall, including the initial assessment year, be—

(i) twelve in the case of an assessee, being a co-operative society, deriving profits and gains from an industrial undertaking;

(ii) ten in the case of any other assessee deriving profits and gains from an industrial undertaking;

(iii) ten in the case of any other assessee deriving profits and gains, from a ship or the business of a hotel.

(7) Notwithstanding anything contained in any other provision of this Act, the profits and gains of an eligible business to which the provisions of sub-section (1) apply shall, for the purposes of determining the quantum of deduction under sub-section (5) for the assessment year immediately succeeding the initial assessment year or any subsequent assessment year, be computed as if such eligible business were the only source of income of the assessee during the previous year relevant to the initial assessment year and to every subsequent assessment year up to and including the assessment year for which the determination is to be made.

(8) Where the assessee is a person other than a company or a co-operative society the deduction under sub-section (1) from profits and gains derived from an industrial undertaking shall not be admissible unless the accounts of the industrial undertaking for the previous year relevant to the assessment year for which the deduction is claimed have been audited by an accountant, as defined in the *Explanation* below sub-section (2) of section 288, and the assessee furnishes, along with his return of income, the report of such audit in the prescribed form duly signed and verified by such accountant.

(9) Where any goods held for the purposes of the eligible business are transferred to any other business carried on by the assessee, or where any goods held for the purposes of any other business carried on by the assessee are transferred to the eligible business and, in either case, the consideration, if any, for such transfer as recorded in the accounts of the eligible business does not correspond to the market value of such goods as on the date of the transfer, then, for the purposes of the deduction under this section, the profits and gains of such eligible business shall be computed as if the transfer, in either case, had been made at the market value of such goods as on that date:

Provided that where, in the opinion of the Assessing Officer, the computation of the profits and gains of the eligible business in the manner hereinbefore specified presents exceptional difficulties, the Assessing Officer may compute such profits and gains on such reasonable basis as he may deem fit.

*Explanation.*—In this sub-section, “market value”, in relation to any goods, means the price that such goods would ordinarily fetch on sale in the open market.

(10) Where it appears to the Assessing Officer that, owing to the close connection between the assessee carrying on the eligible business to which this section applies and any other person, or for any other reason, the course of business between them is so arranged that the business transacted between them produces to the assessee more than the ordinary profits which might be expected to arise in such eligible business, the Assessing Officer shall, in computing the profits and gains of such eligible business for the purposes of the deduction under this section, take the amount of profits as may be reasonably deemed to have been derived therefrom.

(11) The Central Government may, after making such inquiry as it may think fit, direct, by notification in the Official Gazette, that the exemption conferred by this section shall not apply to any class of industrial undertakings with effect from such date as it may specify in the notification.

(12) For the purposes of this section,—

(a) "hilly area" means any area located at a height of one thousand metres or more above the sea level;

(b) "industrial undertaking" shall have the meaning assigned to it in the *Explanation* to section 33B;

(c) "initial assessment year" means the assessment year relevant to the previous year in which the industrial undertaking begins to manufacture or produce articles or things, or to operate its cold storage plant or plants or the ship is first brought into use or the business of the hotel starts functioning;

(d) "place of pilgrimage" means a place where any temple, mosque, gurudwara, church or other place of public worship of renown throughout any State or States is situated;

(e) "rural area" means any area other than—

(i) an area which is comprised within the jurisdiction of a municipality (whether known as a municipality, municipal corporation, notified area committee, town area committee or by any other name) or a cantonment board and which has a population of not less than ten thousand according to the preceding census of which relevant figures have been published before the first day of the previous year; or

(ii) an area within such distance not being more than fifteen kilometres from the local limits of any municipality or cantonment board referred to in sub-clause (i), as the Central Government may, having regard to the stage of development of such area (including the extent of, and scope for, urbanisation of such area) and other relevant considerations specify in this behalf by notification in the Official Gazette;

(f) "small-scale industrial undertaking" means an industrial undertaking where the aggregate value of the machinery and plant (other than tools, jigs, dies and moulds) installed, as on the last day of the previous year, for the purposes of business of the undertaking does not exceed sixty lakh rupees and for this purpose the value of any machinery or plant shall be,—

(i) in the case of any machinery or plant owned by the assessee, the actual cost thereof to the assessee; and

(ii) in the case of any machinery or plant hired by the assessee, the actual cost thereof as in the case of the owner of such machinery or plant.

Amend-  
ment of  
section  
80L.

33. In section 80L of the Income-tax Act, in sub-section (1), for clause (ia), the following clause shall be substituted, with effect from the 1st day of April, 1992, namely:—

“(ia) interest on National Savings Certificates (VI Issue) or National Savings Certificates (VII Issue) or National Savings Certificates (VIII Issue) issued under the Government Savings Certificates Act, 1959;”.

46 of 1959.

Amend-  
ment of  
section  
80-O.

34. In section 80-O of the Income-tax Act, with effect from the 1st day of April, 1992,—

(a) after the words “an Indian company”, the words and brackets “or a person (other than a company) who is resident in India” shall be inserted;

(b) for the words “technical services”, the words “technical or professional services” shall be substituted;

(c) the words “under an agreement approved in this behalf by the Chief Commissioner or the Director General;” shall be omitted;

(d) the first and second provisos shall be omitted;

(e) in the third proviso, for the words “Provided also”, the word “Provided” shall be substituted;

(f) in the Explanation, after clause (ii), the following clause— shall be inserted, namely:—

“(iii) “services rendered or agreed to be rendered outside India” shall include services rendered from India but shall not include services rendered in India.”

Ins-  
er-  
tion  
of new  
section  
80 Q.

35. After section 80P of the Income-tax Act, the following section shall be inserted, with effect from the 1st day of April, 1992, namely:—

Dedu-  
ction in  
respect  
of profits  
and  
gains  
from  
the busi-  
ness of  
publica-  
tion of  
books.

‘80Q. (1) Where in the case of an assessee the gross total income of the previous year relevant to the assessment year commencing on the 1st day of April, 1992, or to any one of the four assessment years next following that assessment year, includes any profits and gains derived from a business carried on in India of printing and publication of books or publication of books, there shall, in accordance with and subject to the provisions of this section, be allowed, in computing the total income of the assessee, a deduction from such profits and gains of an amount equal to twenty per cent. thereof.

(2) In a case where the assessee is entitled also to the deduction under section 80HH or section 80HHA or section 80HHC or section 80-I or section 80-IA or section 80J or section 80P, in relation to any part of the profits and gains referred to in sub-section (1), the deduction under sub-section (1) shall be allowed with reference to such profits and gains included in the gross total income as reduced by the deduction under section 80HH, section 80HHA, section 80HHC, section 80-I, section 80-IA, section 80J and section 80P.

(3) For the purposes of this section, "books" shall not include newspapers, journals, magazines, diaries, brochures, tracts, pamphlets and other publications of a similar nature by whatever name called.'

36. In section 80QQA, in sub-section (1), for the words "commencing on the 1st day of April, 1980, or to any one of the nine assessment years next following that assessment year, includes", the following shall be substituted, with effect from the 1st day of April, 1992, namely:—

"commencing on—

(a) the 1st day of April, 1980, or to any one of the nine assessment years next following that assessment year; or

(b) the 1st day of April, 1992, or to any one of the four assessment years next following that assessment year,

includes".

37. For section 80U of the Income-tax Act, the following section shall be substituted, with effect from the 1st day of April, 1992, namely:—

'80U. In computing the total income of an individual, being a resident, who, at the end of the previous year, is suffering from a permanent physical disability (including blindness) or is subject to mental retardation, being a permanent physical disability or mental retardation specified in the rules made in this behalf by the Board, which is certified by a physician, a surgeon, an oculist or a psychiatrist, as the case may be, working in a Government hospital, and which has the effect of reducing considerably such individual's capacity for normal work or engaging in a gainful employment or occupation, there shall be allowed a deduction of a sum of twenty thousand rupees:

Provided that such individual produces the aforesaid certificate before the Assessing Officer in respect of the first assessment year for which he claims deduction under this section:

Provided further that the requirement of producing the aforesaid certificate from a physician, a surgeon, an oculist or a psychiatrist, as the case may be, working in a Government hospital shall not apply to an individual who has already produced a certificate before the Assessing Officer under the provisions of this section as they stood immediately before the 1st day of April, 1992.

*Explanation.*—For the purposes of this section, the expression "Government hospital" shall have the meaning assigned to it in the *Explanation* to section 80DD.'

38. In section 88 of the Income-tax Act, in sub-section (2), with effect from the 1st day of April, 1992,—

(a) after clause (xiv), the following clause shall be inserted, namely:—

"(xiva) as subscription to any such deposit scheme of—

(a) a public sector company which is engaged in providing long-term finance for construction or purchase of houses in India for residential purposes; or

Amend-  
ment of  
section  
80QQA.

Substitu-  
tion of  
new  
section  
for  
section  
80U.

Dedu-  
ction in  
the case  
of per-  
manent  
physical  
disability  
(includ-  
ing blind-  
ness).

Amend-  
ment of  
section  
88.

(b) any authority constituted in India by or under any law enacted either for the purpose of dealing with and satisfying the need for housing accommodation or for the purpose of planning, development or improvement of cities, towns and villages, or for both,

not being a scheme the interest on deposits whereunder qualifies for the purposes of computing the deduction under section 80L, as the Central Government may, by notification in the Official Gazette, specify in this behalf;";

(b) in clause (xv),—

(i) the words, figures and letters "construction of which is completed after the 31st day of March, 1967, and the" shall be omitted;

(ii) sub-clause (B) shall be omitted.

**38.** Section 90 of the Income-tax Act shall be renumbered and shall be deemed to have been renumbered as sub-section (I) thereof, and after sub-section (I) as so renumbered, the following sub-section shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 1972, namely:—

"(2) Where the Central Government has entered into an agreement with the Government of any country outside India under sub-section (1) for granting relief of tax, or as the case may be, avoidance of double taxation, then, in relation to the assessee to whom such agreement applies, the provisions of this Act shall apply to the extent they are more beneficial to that assessee.".

Amend-  
ment of  
section  
90.

**40.** In section 115A of the Income-tax Act,—

(a) in sub-section (1A),—

(i) after the words "an Indian concern", the words "or in respect of any computer software to a person resident in India" shall be inserted;

(ii) after the proviso, the following proviso shall be inserted, namely:—

"Provided further that such computer software is permitted according to the Import Trade Control Policy of the Government of India for the time being in force to be imported into India under an Open General Licence.";

(iii) the existing *Explanation* shall be renumbered as *Explanation 1* and after *Explanation 1* as so renumbered, the following *Explanation* shall be inserted, namely:—

'*Explanation 2*.—In this sub-section, the expression "computer software" shall have the meaning assigned to it in clause (b) of the *Explanation* to section 80HHE.';

(b) in sub-section (2), for the words "purposes of the proviso", the words "purposes of the first proviso" shall be substituted.

Amend-  
ment of  
section  
115A

**41. After section 115A of the Income-tax Act, the following section shall be inserted, with effect from the 1st day of April, 1992, namely:—**

Insertion  
of new  
section  
115AB.

**'115AB. (1) Where the total income of an assessee, being an overseas financial organisation (hereinafter referred to as Offshore Fund) includes—**

**(a) income received in respect of units purchased in foreign currency; or**

**(b) income by way of long-term capital gains arising from the transfer of units purchased in foreign currency,**

**the income-tax payable shall be the aggregate of—**

**(i) the amount of income-tax calculated on the income in respect of units referred to in clause (a), if any, included in the total income, at the rate of ten per cent.;**

**(ii) the amount of income-tax calculated on the income by way of long-term capital gains referred to in clause (b), if any, included in the total income, at the rate of ten per cent.; and**

**(iii) the amount of income-tax with which the Offshore Fund would have been chargeable had its total income been reduced by the amount of income referred to in clause (a) and clause (b).**

**(2) Where the gross total income of the Offshore Fund,—**

**(a) consists only of income from units or income by way of long-term capital gains arising from the transfer of units, or both, no deduction shall be allowed to the assessee under sections 28 to 44C or sub-section (2) of section 48 or clause (i) or clause (iii) of section 57 or under Chapter VI-A;**

**(b) includes any income referred to in clause (a), the gross total income shall be reduced by the amount of such income and the deduction under Chapter VI-A shall be allowed as if the gross total income as so reduced were the gross total income of the assessee.**

**Explanation.—For the purposes of this section,—**

**(a) "overseas financial organisation" means any fund, institution, association or body, whether incorporated or not, established under the laws of a country outside India, which has entered into an arrangement for investment in India with any public sector bank or public financial institution or a mutual fund specified under clause (23D) of section 10 and such arrangement is approved by the Central Government for this purpose;**

**(b) "unit" means unit of a mutual fund specified under clause (23D) of section 10 or of the Unit Trust of India;**

Tax on  
income  
from  
units.  
purchased  
in foreign  
currency  
or capital  
gains  
arising  
from  
their  
transfer.

(c) "foreign currency" shall have the meaning as in the Foreign Exchange Regulation Act, 1973;

46 of 1973.

(d) "public sector bank" shall have the meaning assigned to it in clause (23D) of section 10;

(e) "public financial institution" shall have the meaning assigned to it in section 4A of the Companies Act, 1956;

1 of 1956.

(f) "Unit Trust of India" means the Unit Trust of India established under the Unit Trust of India Act, 1963.'

52 of 1963.

Amend-  
ment of  
section  
119.

42. In section 119 of the Income-tax Act, in sub-section (2),—

(i) in clause (a), for the figures and letters "210, 234A, 234B", the words, brackets, figures and letters "sub-section (1A) of section 201, sections 210, 211, 234A, 234B, 234C" shall be substituted;

(ii) after clause (b), the following clause shall be inserted, with effect from the 1st day of October, 1991, namely:—

"(c) the Board may, if it considers it desirable or expedient so to do for avoiding genuine hardship in any case or class of cases, by general or special order for reasons to be specified therein, relax any requirement contained in any of the provisions of Chapter IV or Chapter VI-A, where the assessee has failed to comply with any requirement specified in such provision for claiming deduction thereunder, subject to the following conditions, namely:—

(i) the default in complying with such requirement was due to circumstances beyond the control of the assessee; and

(ii) the assessee has complied with such requirement before the completion of assessment in relation to the previous year in which such deduction is claimed;

Provided that the Central Government shall cause every order issued under this clause to be laid before each House of Parliament."

Amend-  
ment of  
section  
132.

43. In section 132 of the Income-tax Act, in sub-section (8A), for the word "Commissioner", wherever it occurs, the words "Director or, as the case may be, Commissioner" shall be substituted with effect from the 1st day of October, 1991.

Amend-  
ment of  
section  
139.

44. In section 139 of the Income-tax Act, sub-section (10) shall be omitted.

Amend-  
ment of  
section  
140A.

45. In section 140A of the Income-tax Act, in sub-section (1), for the words and figures "section 139 or section 148", the words and figures "section 139 or section 142 or, as the case may be, section 148" shall be substituted.

**46.** In section 143 of the Income-tax Act, with effect from the 1st day of October, 1991,—

(a) in sub-section (2), for the proviso, the following proviso shall be substituted, namely:—

“Provided that no notice under this sub-section shall be served on the assessee after the expiry of twelve months from the end of the month in which the return is furnished.”;

(b) the following *Explanation* shall be inserted at the end, namely:—

“*Explanation.*—An intimation sent to the assessee under sub-section (1) or sub-section (1B) shall be deemed to be an order for the purposes of section 264.”.

**47.** In section 153 of the Income-tax Act, in *Explanation 1*, the following proviso shall be inserted at the end, namely:—

“Provided that where immediately after the exclusion of the aforesaid time or period, the period of limitation referred to in sub-sections (1), (2) and (2A) available to the Assessing Officer for making an order of assessment, reassessment or recomputation, as the case may be, is less than sixty days, such remaining period shall be extended to sixty days and the aforesaid period of limitation shall be deemed to be extended accordingly.”.

**48.** In section 155 of the Income-tax Act, after sub-section (10C), the following sub-sections shall be inserted, with effect from the 1st day of October, 1991, namely:—

(11) Where in the assessment for any year, a capital gain arising from the transfer of any original asset as is referred to in section 54H is charged to tax and within the period extended under that section the assessee acquires the new asset referred to in that section or, as the case may be, deposits or invests the amount of such capital gain within the period so extended, the Assessing Officer shall amend the order of assessment so as to exclude the amount of the capital gain not chargeable to tax under any of the sections referred to in section 54H; and the provisions of section 154 shall, so far as may be, apply thereto, the period of four years specified in sub-section (7) of section 154 being reckoned from the end of the previous year in which the compensation was received by the assessee.

(12) Where in the assessment for any year commencing before the 1st day of April, 1988, the deduction under section 80-O in respect of any income, being the whole or any part of income by way of royalty, commission, fees or any similar payment as is referred to in that section, has not been allowed on the ground that such income has not been received in convertible foreign exchange in India, or having been received in convertible foreign exchange outside India, or having been converted into convertible foreign exchange outside India, has not been brought into India, by or on behalf of the assessee in accordance with any law for the time being in force for regulating payments and dealings in foreign exchange and subsequently such income or part thereof has been or is received in, or brought into,

Amend-  
ment of  
section  
143.

Amend-  
ment of  
section  
153.

Amend-  
ment of  
section  
155.

India in the manner aforesaid, the Assessing Officer shall amend the order of assessment so as to allow deduction under section 80-O in respect of such income or part thereof as is so received in, or brought into, India; and the provisions of section 154 shall, so far as may be, apply thereto, the period of four years specified in sub-section (7) of that section being reckoned from the end of the previous year in which such income is so received in, or brought into, India; so, however, that the period from the 1st day of April, 1988 to the 30th day of September, 1991 shall be excluded in computing the period of four years.”.

Amend-  
ment of  
section  
161.

49. In section 161 of the Income-tax Act, in sub-section (1A), the *Ex-  
planation* shall be omitted.

Amend-  
ment of  
section  
193.

50. In section 193 of the Income-tax Act, with effect from the 1st day of October, 1991,—

(a) for the words “Provided that”, the following shall be substituted, namely:—

“Provided that where, in the case of a scheduled bank, the Central Government is satisfied that the total income of the bank justifies deduction of income-tax at a lower rate, it may, by notification in the Official Gazette, specify the rate at which deduction of income-tax shall be made in the case of such bank under this section and such notification shall, at any one time, have effect for such assessment year or years, not exceeding three assessment years, as may be specified in the notification:

Provided further that”;

(b) the existing *Explanation* shall be renumbered as *Explanation 1* and after *Explanation 1* as so renumbered, the following *Ex-  
planation* shall be inserted, namely:—

‘*Explanation 2*.—For the purposes of this section, the expression “scheduled bank” shall have the meaning assigned to it in clause (ii) of the *Explanation to clause (vii) of sub-section (1) of section 36*.’

Amend-  
ment of  
section  
194.

51. In section 194 of the Income-tax Act, with effect from the 1st day of October, 1991,—

(i) after the words “distribution or payment to shareholder”, the words “who is resident in India,” shall be inserted;

(ii) in the proviso, the words “who is resident in India” shall be omitted.

Amend-  
ment of  
section  
194A.

52. In section 194A of the Income-tax Act, in sub-section (3), for clause (vii), the following clauses shall be substituted, with effect from the 1st day of October, 1991, namely:—

‘(vii) to such income credited or paid in respect of deposits (other than time deposits) with a banking company to which the

10 of 1949.

**Banking Regulation Act, 1949, applies (including any bank or banking institution referred to in section 51 of that Act);**

**(viiia) to such income credited or paid in respect of,—**

**(a) deposits with a primary agricultural credit society or a primary credit society or a co-operative land mortgage bank or a co-operative land development bank;**

**(b) deposits (other than time deposits) with a co-operative society other than a co-operative society or bank referred to in sub-clause (a),**

**engaged in carrying on the business of banking.**

**Explanation.**—For the purposes of clauses (vii) and (viiia), “time deposits” means deposits (excluding recurring deposits) repayable on the expiry of fixed period.”

**53. In section 194BB of the Income-tax Act, for the words “five thousand rupees”, the words “two thousand five hundred rupees” shall be substituted with effect from the 1st day of October, 1991.**

Amendment of section 194BB.

**54. After section 194E of the Income-tax Act, the following section shall be inserted, with effect from the 1st day of October, 1991, namely:—**

Insertion of new section 194EE.

**“194EE. The person responsible for paying to any person any amount referred to in clause (a) of sub-section (2) of section 80CCA shall, at the time of payment thereof, deduct income-tax thereon at the rate of twenty per cent.:**

Payments in respect of deposits under National Savings Scheme, etc.

**Provided that no deduction shall be made under this section where the amount of such payment or, as the case may be, the aggregate amount of such payments to the payee during the financial year is less than two thousand five hundred rupees:**

**Provided further that nothing contained in this section shall apply to the payment of the said amount to the heirs of the assessee.”.**

Insertion of new sections 194G and 194H.

**55. After section 194F of the Income-tax Act, the following sections shall be inserted, with effect from the 1st day of October, 1991, namely:—**

**‘194G. Any person who is responsible for paying, on or after the 1st day of October, 1991 to any person, who is or has been stocking, distributing, purchasing or selling lottery tickets, any income by way of commission, remuneration or prize (by whatever name called) on such tickets in an amount exceeding one thousand rupees shall, at the time of credit of such income to the account of the payee or at the time of payment of such income in cash or by the issue of a cheque or draft or by any other mode, whichever is earlier, deduct income-tax thereon at the rate of ten per cent.**

Commission, etc., on sale of lottery tickets.

**Explanation.**—For the purposes of this section, where any income is credited to any account, whether called “Suspense account” or by any other name, in the books of account of the person liable to pay such income, such crediting shall be deemed to be credit of such income to the account of the payee and the provisions of this section shall apply accordingly.

Commis-  
sion,  
broke-  
rage, etc.

194H. (1) Any person, not being an individual or a Hindu undivided family, who is responsible for paying, on or after the 1st day of October, 1991, to a resident, any income by way of commission (not being insurance commission referred to in section 194D) or brokerage, shall, at the time of credit of such income to the account of the payee or at the time of payment of such income in cash or by the issue of a cheque or draft or by any other mode, whichever is earlier, deduct income-tax thereon at the rate of ten per cent.

(2) The provisions of sub-section (1) shall not apply—

(a) to such persons or class or classes of persons as the Central Government may, having regard to the extent of inconvenience caused or likely to be caused to them and being satisfied that it will not be prejudicial to the interests of the revenue, by notification in the Official Gazette, specify in this behalf;

(b) where the amount of such income or, as the case may be, the aggregate of the amounts of such income credited or paid or likely to be credited or paid during the financial year by the person referred to in sub-section (1) to the account of, or to, the payee, does not exceed two thousand five hundred rupees.

**Explanation.**—For the purposes of this section,—

(i) “commission or brokerage” includes any payment received or receivable, directly or indirectly, by a person acting on behalf of another person for services rendered (not being professional services) or for any services in the course of buying or selling of goods or in relation to any transaction relating to any asset, valuable article or thing;

(ii) “professional services” means services rendered by a person in the course of carrying on a legal, medical, engineering or architectural profession or the profession of accountancy or technical consultancy or interior decoration or such other profession as is notified by the Board for the purposes of section 44AA;

(iii) where any income is credited to any account, whether called “Suspense account” or by any other name, in the books of account of the person liable to pay such income, such crediting shall be deemed to be credit of such income to the account of the payee and the provisions of this section shall apply accordingly.”

**56. In section 195 of the Income-tax Act with effect from the 1st day of October, 1991,—**

(i) in sub-section (1), the words “or dividends” shall be omitted;

(ii) in sub-section (2),—

(a) the word, “dividend” shall be omitted;

(b) the proviso shall be omitted.

Amend-  
ment of  
section  
195.

52 of 1963.

57. In section 196A of the Income-tax Act, after sub-section (2), the following sub-section shall be inserted, with effect from the 1st day of October, 1991, namely:—

“(3) Notwithstanding anything contained in this Act, no deduction of tax shall be made from any income payable in respect of units issued under any scheme of the Unit Trust of India established under section 3 of the Unit Trust of India Act, 1963, to any institution or fund where such income is not liable to inclusion in its total income under the provisions of sections 11 and 12 or clause (22) or clause (22A) or clause (23) or clause (23AA) or clause (23C) of section 10.”.

58. After section 196A of the Income-tax Act, the following section shall be inserted, with effect from the 1st day of October, 1991, namely:—

“196B. Where any income is payable in respect of units referred to in section 115AB to an Offshore Fund, the person responsible for making the payment shall, at the time of credit of such income to the account of the payee or at the time of payment thereof in cash or by the issue of a cheque or draft or by any other mode, whichever is earlier, deduct income-tax thereon at the rate of ten per cent.”.

59. In section 197A of the Income-tax Act, with effect from the 1st day of October, 1991,—

(a) after the words, figures and letter “or section 194A”, the words, figures and letters “or section 194EE” shall be inserted;

(b) for the words, figures and letter “or, as the case may be, section 194A”, the words, figures and letters “or section 194A or, as the case may be, section 194EE” shall be substituted.

60. In sections 198, 199, 200, 202, 203, 203A and 205 of the Income-tax Act, for the words, figures and letter “section 195 and section 196A”, the words, figures and letters “section 194EE, section 194F, section 194G, section 194H, section 195, section 196A and section 196B” shall be substituted with effect from the 1st day of October, 1991.

Amendment of sections 198 to 200, 202, 203, 203A and 205.

61. In section 204 of the Income-tax Act, in the opening portion, after the word, figures and letter “section 194E”, the words, figures and letters “section 194EE, section 194F, section 194G, section 194H,” shall be inserted with effect from the 1st day of October, 1991.

Amendment of section 204.

62. In section 206 of the Income-tax Act, for the words “shall prepare, within the prescribed time after the end of each financial year, and deliver or cause to be delivered”, the words “shall, within the prescribed time after the end of each financial year, prepare and deliver or cause to be delivered” shall be substituted.

Amendment of section 206.

63. In section 234C of the Income-tax Act, in sub-section (1), in the opening portion, after the words “in any financial year”, the words and figures “the assessee who is liable to pay advance tax under section 208 has failed to pay such tax or” shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 1989.

Amendment of section 234C.

Amendment of section 196A.

Insertion of new section 196B.

Income from units.

Amendment of section 197A.

Amendment of sections 198 to 200, 202, 203, 203A and 205.

Amendment of section 204.

Amendment of section 206.

Amendment of section 234C.

Amend-  
ment of  
section  
244A.

64. In section 244A of the Income-tax Act, in sub-section (1), the words "and one-half", wherever they occur, shall be omitted with effect from the 1st day of October, 1991.

Amend-  
ment of  
section  
245BA.

65. In section 245BA of the Income-tax Act, with effect from the 1st day of October, 1991,—

(a) after sub-section (5), the following sub-section shall be inserted, namely:—

"(5A) Notwithstanding anything contained in the foregoing provisions of this section, the Chairman may, for the disposal of any particular case, constitute a Special Bench consisting of more than three Members.";

(b) in sub-section (6), the following shall be inserted at the end, namely:—

"and the Special Bench shall sit at a place to be fixed by the Chairman".

Amend-  
ment of  
section  
245D.

66. In section 245D of the Income-tax Act,—

(a) in sub-section (1), after the first proviso, the following proviso shall be inserted, namely:—

"Provided further that the Commissioner shall furnish the report within a period of one hundred and twenty days of the receipt of communication from the Settlement Commission in case of all applications made under section 245C on or after the date on which the Finance (No. 2) Act, 1991 receives the assent of the President and if the Commissioner fails to furnish the report within the said period, the Settlement Commission may make the order without such report.";

(b) sub-section (1A) shall be omitted.

Amendment  
of section  
254.

67. In section 254 of the Income-tax Act, in sub-section (3), the words "Chief Commissioner or" shall be omitted.

Amendment  
of section  
272A.

68. In section 272A of the Income-tax Act, in sub-section (2), with effect from the 1st day of October, 1991,—

(a) in clause (c), after the figures and letter "206B", the words, figures and letter "or section 206C" shall be inserted;

(b) in clause (g), after the figures "203", the words, figures and letter "or section 206C" shall be inserted;

(c) the following proviso shall be inserted at the end, namely:—

"Provided that the amount of penalty for failures in relation to returns under sections 206 and 206C shall not exceed the amount of tax deductible or collectible, as the case may be".

Amend-  
ment of  
section  
273A.

69. In section 273A of the Income-tax Act, in sub-section (3), the following proviso shall be inserted at the end, namely:—

"Provided that where an order has been made in favour of any person under sub-section (1) on or before the 24th day of July, 1991, such person shall be entitled to further relief only once in relation to other assessment year or years if he makes an application to the income-tax authority referred to in sub-section (4) at any time before the 1st day of April, 1992."

**70. In section 279 of the Income-tax Act,—**

(a) for sub-section (1), the following sub-section shall be substituted, with effect from the 1st day of October, 1991, namely:—

'(1) A person shall not be proceeded against for an offence under section 275A, section 276, section 276A, section 276B, section 276BB, section 276C, section 276CC, section 276D, section 277 or section 278 except with the previous sanction of the Commissioner or Commissioner (Appeals) or the appropriate authority:

Provided that the Chief Commissioner or, as the case may be, Director General may issue such instructions or directions to the aforesaid income-tax authorities as he may deem fit for institution of proceedings under this sub-section.

*Explanation.*—For the purposes of this section, "appropriate authority" shall have the same meaning as in clause (c) of section 269UA.';

(b) for sub-section (2), the following sub-section shall be substituted, with effect from the 1st day of October, 1991, namely:—

"(2) Any offence under this Chapter may, either before or after the institution of proceedings, be compounded by the Chief Commissioner or Director General.";

(c) after sub-section (3), the following *Explanation* shall be inserted and shall be deemed always to have been inserted, namely:—

*Explanation.*—For the removal of doubts, it is hereby declared that the power of the Board to issue orders, instructions or directions under this Act shall include and shall be deemed always to have included the power to issue instructions or directions (including instructions or directions to obtain the previous approval of the Board) to other income-tax authorities for the proper composition of offences under this section."

**71. After the Eleventh Schedule to the Income-tax Act, the following Schedule shall be inserted, namely:—**

**'THE TWELFTH SCHEDULE**

[See section 80HHC(2) (b) (ii)]

**PROCESSED MINERALS AND ORES**

(i) Pulverised or micronised—barytes, calcite, stearite, pyrophyllite, wollastonite, zircon, bentonite, red or yellow oxide, red or yellow ochre, talc, quartz, feldspar, silica powder, garnet, sillimanite, fireclay, ballclay, manganese dioxide ore.

Amend-  
ment of  
section  
279.

Inser-  
tion of  
Twelfth  
Schedule.

- (ii) Processed or activated—bentonite, diatomaceous earth, fullers earth.
- (iii) Processed—kaolin (china clay), whiting, calcium carbonate.
- (iv) Beneficiated—chromite, flourspar, graphite, vermiculite, ilminite, brown ilminite (leucoxene) rutile, monazite and other mineral concentrates.
- (v) Mica blocks, mica splittings, mica condenser filters, mica powder, micanite, silvered mica, punched mica, mica paper, mica tapes, mica flakes.
- (vi) Exfoliated—vermiculite, calcined kyanite, magnesite, calcined magnesite, calcined alumina.
- (vii) Sized iron ore processed by mechanical screening or crushing and screening through dry process or mechanical crushing, screening, washing and classification through wet process.
- (viii) Iron ore concentrates processed through crushing, grinding or magnetic separation.
- (ix) Agglomerated iron ore.
- (x) Cut and polished minerals and rocks including cut and polished granite.

*Explanation.*—For the purposes of this Schedule, “processed”, in relation to any mineral or ore, means—

- (a) dressing through mechanical means to obtain concentrates after removal of gangue and unwanted deleterious substances or through other means without altering the mineralogical identity;
- (b) pulverisation, calcination or micronisation;
- (c) agglomeration from fines;
- (d) cutting and polishing;
- (e) washing and levigation;
- (f) beneficiation by mechanical crushing and screening through dry process;
- (g) sizing by crushing, screening, washing and classification through wet process;
- (h) other upgrading techniques such as removal of impurities through chemical treatment, refining by gravity separation, bleaching, floatation or filtration.

Conse-  
quential  
amend-  
ments.

72. The following amendments (being amendments of a consequential nature) shall be made in the Income-tax Act, with effect from the 1st day of April, 1992, namely:—

- (i) in section 54, in sub-section (2), in the *Explanation* to the proviso, in clause (a), for the words “ten thousand rupees”, the words “fifteen thousand rupees” shall be substituted;
- (ii) in section 54B, in sub-section (2), in the *Explanation* to the proviso, for the words “ten thousand rupees”, the words “fifteen thousand rupees” shall be substituted;
- (iii) in section 54D, in sub-section (2), in the *Explanation* to the proviso, for the words “ten thousand rupees”, the words “fifteen thousand rupees” shall be substituted;

(iv) in section 54F, in the *Explanation*, for the words "ten thousand rupees", the words "fifteen thousand rupees" shall be substituted;

(v) in section 54G, in sub-section (2), in the *Explanation* to the proviso, for the words "ten thousand rupees", the words "fifteen thousand rupees" shall be substituted.

#### Wealth-tax

27 of 1957.

73. In section 5 of the Wealth-tax Act, 1957 (hereinafter referred to as the Wealth-tax Act), in sub-section (1),—

Amend-  
ment of  
section  
5.

(a) for clause (xviii), the following clause shall be substituted and shall be deemed to have been substituted with effect from the 1st day of April, 1984, namely:—

"(xviii) the amount standing to the credit of—

(a) an individual; or

(b) a Hindu undivided family; or

(c) an association of persons or body of individuals consisting, in either case, only of husband and wife governed by the system of community of property in force in the State of Goa and the Union territories of Dadra and Nagar Haveli and Daman and Diu,

in any provident fund set up by the Central Government and notified by it in this behalf in the Official Gazette;"

(b) in clause (xxv), for the words "the National Savings Scheme referred to in", the words, brackets and figures "any scheme referred to in clause (i) of sub-section (1) of" shall be substituted with effect from the 1st day of October, 1991.

74. In section 16 of the Wealth-tax Act, with effect from the 1st day of October, 1991,—

Amend-  
ment of  
section  
16.

(a) in sub-section (2), for the proviso, the following proviso shall be substituted, namely:—

"Provided that no notice under this sub-section shall be served on the assessee after the expiry of twelve months from the end of the month in which the return is furnished.";

(b) the following *Explanation* shall be inserted at the end, namely:—

"*Explanation*.—An intimation sent to the assessee under sub-section (1) or sub-section (1B) shall be deemed to be an order for the purposes of sub-section (1) of section 25."

75. In section 17A of the Wealth-tax Act, in *Explanation* 1, the following proviso shall be inserted at the end, namely:—

Amend-  
ment of  
section  
17A.

"Provided that where immediately after the exclusion of the aforesaid time or period, the period of limitation referred to in sub-sections (1), (2) and (3) available to the Assessing Officer for making an order of assessment or reassessment, as the case may be, is less than sixty days, such remaining period shall be extended to sixty days and the aforesaid period of limitation shall be deemed to be extended accordingly."

Amend-  
ment of  
section  
18B.

**76.** In section 18B of the Wealth-tax Act, in sub-section (3), the following proviso shall be inserted at the end, namely:—

“Provided that where an order has been made in favour of any person under sub-section (1) on or before the 24th day of July, 1991, such person shall be entitled to further relief only once in relation to other assessment year or years if he makes an application to the wealth-tax authority referred to in sub-section (4) at any time before the 1st day of April, 1992.”.

Amend-  
ment of  
section  
22BA.

**77.** In section 22BA of the Wealth-tax Act, with effect from the 1st day of October, 1991,—

(a) after sub-section (5), the following sub-section shall be inserted, namely:—

“(5A) Notwithstanding anything contained in the foregoing provisions of this section, the Chairman may, for the disposal of any particular case, constitute a Special Bench consisting of more than three Members.”;

(b) in sub-section (6), the following shall be inserted at the end, namely:—

“and the Special Bench shall sit at a place to be fixed by the Chairman”.

Amend-  
ment of  
section  
22D.

**78.** In section 22D of the Wealth-tax Act,—

(a) in sub-section (1), after the first proviso, the following proviso shall be inserted, namely:—

“Provided further that the Commissioner shall furnish the report within a period of one hundred and twenty days of the receipt of communication from the Settlement Commission in case of all applications made under section 22C on or after the date on which the Finance (No. 2) Act, 1991 receives the assent of the President and if the Commissioner fails to furnish the report within the said period, the Settlement Commission may make the order without such report.”;

(b) sub-section (1A) shall be omitted.

Amend-  
ment of  
section  
27.

**79.** In section 27 of the Wealth-tax Act, in sub-section (1), after the word and figures “section 26”, the words, brackets, letter and figures “or clause (e) of sub-section (1) of section 35” shall be inserted.

Amend-  
ment of  
section  
34A.

**80.** In section 34A of the Wealth-tax Act, in sub-section (4B), in clause (a), the words “and a half” shall be omitted with effect from the 1st day of October, 1991.

Amend-  
ment of  
section  
35-I.

**81.** In section 35-I of the Wealth-tax Act,—

(a) for sub-sections (1) and (2), the following sub-sections shall be substituted, with effect from the 1st day of October, 1991, namely:—

“(1) A person shall not be proceeded against for an offence under this Act except with the previous sanction of the Commissioner or Commissioner (Appeals).

Provided that the Chief Commissioner or, as the case may be, Director General may issue such instructions or directions to the aforesaid wealth-tax authorities as he may deem fit for institution of proceedings under this sub-section.

(2) Any such offence may, either before or after the institution of proceedings, be compounded by the Chief Commissioner or Director General.”;

(b) after sub-section (2) as so substituted, the following *Explanation* shall be inserted and shall be deemed always to have been inserted, namely:—

*Explanation.*—For the removal of doubts, it is hereby declared that the power of the Board to issue orders, instructions or directions under this Act shall include and shall be deemed always to have included the power to issue instructions or directions (including instructions or directions to obtain the previous approval of the Board) to other wealth-tax authorities for the proper composition of offences under this section.”.

82. In section 37A of the Wealth-tax Act, in sub-section (6A), for the words “Chief Commissioner or Commissioner”, wherever they occur, the words “Director or, as the case may be, Commissioner” shall be substituted with effect from the 1st day of October, 1991.

Amend-  
ment of  
section  
37A.

83. In Schedule III to the Wealth-tax Act, with effect from the 1st day of April, 1992.—

Amend-  
ment of  
Schedule  
III.

(a) in rule 9A,—

(i) after the words “at the option of the assessee”, the words “or a company” shall be inserted;

(ii) for the words “four assessment years”, wherever they occur, the words “nine assessment years” shall be substituted;

(b) in rule 12,—

(i) after sub-rule (2), the following sub-rule shall be inserted, namely:—

“(3) For the purposes of sub-rule (2), the value of an asset disclosed in the balance-sheet of the company shall be taken to be its value determined in accordance with the rules as applicable to that particular asset and, in the absence of any such rule, the value of such asset shall be its value as determined under rule 20.”;

(ii) after sub-rule (4), the following sub-rule shall be inserted, namely:—

“(5) For the purpose of facilitating the valuation of unquoted equity shares under this rule and rule 13, the company concerned shall have such valuation made by its auditors appointed under section 224 of the Companies Act, 1956, and a certificate of the auditors relating to such valuation in the prescribed form shall be furnished to the Assessing Officer and the shareholders of the company; and the valuation made by the auditors shall be taken into account in the assessment of the shareholders of the company.”.

***Gift-tax***

Amend-  
ment of  
section  
4.

84. In section 4 of the Gift-tax Act, 1958 (hereinafter referred to as the Gift-tax Act), in sub-section (1), in clause (a), for the words "market value of the property at the date of the transfer", the words and figures "value of the property as on the date of the transfer and determined in the manner laid down in Schedule II," shall be substituted with effect from the 1st day of April, 1992.

18 of 1958.

Amend-  
ment of  
section  
5.

85. In section 5 of the Gift-tax Act, in sub-section (1), in clause (iiiie),—

(a) for the portion beginning with the words "to any relative" and ending with the words "Provided further that", the following shall be substituted, namely:—

"of property in the form of the bonds specified under sub-clause (iid) of clause (15) of section 10 of the Income-tax Act; ;

Provided that";

(b) in the *Explanation*, clause (a) shall be omitted.

Amend-  
ment of  
section  
15.

86. In section 15 of the Gift-tax Act, with effect from the 1st day of October, 1991,—

(a) in sub-section (2), for the proviso, the following proviso shall be substituted, namely:—

"Provided that no notice under this sub-section shall be served on the assessee after the expiry of twelve months from the end of the month in which the return is furnished.";

(b) the following *Explanation* shall be inserted at the end, namely:—

*"Explanation.—An intimation sent to the assessee under sub-section (1) or sub-section (1B) shall be deemed to be an order for the purposes of sub-section (1) of section 24."*

Amend-  
ment of  
section  
16A.

87. In section 16A of the Gift-tax Act, in *Explanation 1*, the following proviso shall be inserted at the end, namely:—

"Provided that where immediately after the exclusion of the aforesaid time or period, the period of limitation referred to in sub-sections (1), (2) and (3) available to the Assessing Officer for making an order of assessment or reassessment, as the case may be, is less than sixty days, such remaining period shall be extended to sixty days and the aforesaid period of limitation shall be deemed to be extended accordingly.";

Amend-  
ment of  
section  
26.

88. In section 26 of the Gift-tax Act, in sub-section (1), after the word and figures "section 25", the words, brackets, letter and figures "or clause (e) of sub-section (1) of section 34" shall be inserted.

89. In section 33A of the Gift-tax Act, in sub-section (4B), in clause (a), the words "and a half" shall be omitted with effect from the 1st day of October, 1991.

Amend-  
ment of  
section  
33A.

90. In section 35 of the Gift-tax Act,—

(a) for sub-sections (3) and (4), the following sub-sections shall be substituted, with effect from the 1st day of October, 1991, namely:—

"(3) A person shall not be proceeded against for an offence under this Act except with the previous sanction of the Commissioner or Commissioner (Appeals):

Provided that the Chief Commissioner or, as the case may be, Director General may issue such instructions or directions to the aforesaid gift-tax authorities as he may deem fit for institution of proceedings under this sub-section.

(4) Any such offence may, either before or after the institution of proceedings, be compounded by the Chief Commissioner or Director General.";

(b) the existing *Explanation* shall be renumbered as *Explanation 1* and after *Explanation 1* as so renumbered, the following *Explanation* shall be inserted and shall be deemed always to have been inserted, namely:—

"*Explanation 2*.—For the removal of doubts, it is hereby declared that the power of the Board to issue orders, instructions or directions under this Act shall include and shall be deemed always to have included the power to issue instructions or directions (including instructions or directions to obtain the previous approval of the Board) to other gift-tax authorities for the proper composition of offences under this section."

#### Interest-tax

45 of 1974.

91. In the Interest-tax Act, 1974 (hereinafter referred to as the Interest-tax Act), in section 2, with effect from the 1st day of October, 1991,—

Amend-  
ment of  
section  
2.

(a) after clause (5), the following clauses shall be inserted, namely:—

'(5A) "credit institution" means,—

(i) a banking company to which the Banking Regulation Act, 1949, applies (including any bank or banking institution referred to in section 51 of that Act) or a co-operative society engaged in carrying on the business of banking not being a co-operative society providing credit facilities to farmers or village artisans;

(ii) a public financial institution as defined in section 4A of the Companies Act, 1956;

(iii) a State financial corporation established under section 3 or section 3A or an institution notified under section 46 of the State Financial Corporations Act, 1951, and

10 of 1949.

1 of 1956.

63 of 1951.

(iv) any other financial company;

(5B) "financial company" means a company, other than a company referred to in sub-clause (i), (ii) or (iii) of clause (5A), being—

(i) a hire-purchase finance company, that is to say, a company which carries on, as its principal business, hire-purchase transactions or the financing of such transactions;

(ii) an investment company, that is to say, a company which carries on, as its principal business, the acquisition of shares, stock, bonds, debentures, debenture stock or securities issued by the Government or a local authority, or other marketable securities of a like nature;

(iii) a housing finance company, that is to say, a company which carries on, as its principal business, the business of financing of acquisition or construction of houses, including acquisition or development of land in connection therewith;

(iv) a loan company, that is to say, a company [not being a company referred to in sub-clauses (i) to (iii)] which carries on, as its principal business, the business of providing finance, whether by making loans or advances or otherwise;

(v) a mutual benefit finance company, that is to say, a company which carries on, as its principal business, the business of acceptance of deposits from its members and which is declared by the Central Government under section 626A of the Companies Act, 1956, to be a *Nidhi* or Mutual Benefit Society; or

1 of 1956.

(vi) a miscellaneous finance company, that is to say, a company which carries on exclusively, or almost exclusively, two or more classes of business referred to in the preceding sub-clauses;';

(b) for clause (7), the following clause shall be substituted, namely:—

(7) "interest" means interest on loans and advances made in India and includes—

(a) commitment charges on unutilised portion of any credit sanctioned for being availed of in India; and

(b) discount on promissory notes and bills of exchange drawn or made in India,

but does not include—

(i) interest referred to in sub-section (1B) of section 42 of the Reserve Bank of India Act, 1934;

(ii) discount on treasury bills;';

2 of 1954.

(c) clause (9) shall be omitted.

Amend-  
ment of  
section  
3.

92. In section 3 of the Interest-tax Act, for sub-section (1), the following sub-sections shall be substituted, with effect from the 1st day of October, 1991, namely:—

"(1) The income-tax authorities specified in section 116 of the Income-tax Act shall be the interest-tax authorities for the purposes of this Act.

(1A) Every such authority shall exercise the powers and perform the functions of an interest-tax authority under this Act in respect of any person within his jurisdiction.

(1B) The jurisdiction of an interest-tax authority under this Act shall be the same as he has under the Income-tax Act by virtue of orders or directions issued under section 120 of that Act (including orders or directions assigning the concurrent jurisdiction) or under any other provision of that Act.

(1C) The interest-tax authority having jurisdiction in relation to a credit institution which has no income assessable to income-tax under the Income-tax Act shall be the interest-tax authority having jurisdiction in respect of the area in which that institution carries on its business or has its principal place of business.

(1D) Section 118 of the Income-tax Act and any notification issued thereunder shall apply in relation to the control of interest-tax authorities as they apply in relation to the control of the corresponding income-tax authorities, except to the extent to which the Board may, by notification in the Official Gazette, otherwise direct in respect of any interest-tax authority.”.

93. Section 4 of the Interest-tax Act shall be renumbered as sub-section (1) thereof, and after sub-section (1) as so renumbered, the following sub-section shall be inserted, with effect from the 1st day of October, 1991, namely:—

“(2) Notwithstanding anything contained in sub-section (1) but subject to the other provisions of this Act, there shall be charged on every credit institution for every assessment year commencing on and from the 1st day of April, 1992, interest-tax in respect of its chargeable interest of the previous year at the rate of three per cent. of such chargeable interest.”.

94. For section 5 of the Interest-tax Act, the following section shall be substituted, with effect from the 1st day of October, 1991, namely:—

“5. Subject to the provisions of this Act, the chargeable interest of any previous year of a credit institution shall be the total amount of interest (other than interest on loans and advances made to other credit institutions) accruing or arising to the credit institution in that previous year:

Provided that any interest in relation to categories of bad or doubtful debts referred to in section 43D of the Income-tax Act shall be deemed to accrue or arise to the credit institution in the previous year in which it is credited by the credit institution to its profit and loss account for that year or, as the case may be, in which it is actually received by the credit institution, whichever is earlier.”.

95. In section 6 of the Interest-tax Act, with effect from the 1st day of October, 1991,—

(a) in sub-section (1), for the words “scheduled banks”, the words “credit institutions” shall be substituted;

Amend-  
ment of  
section  
4.

Substi-  
tution of  
new  
section  
for  
section  
5.

Scope  
of charge-  
able  
interest.

Amend-  
ment of  
section 6.

Amend-  
ment of  
section  
7.

(b) in sub-section (2), for the words, figures and letters "after the 31st day of March, 1985", the words, figures and letters "during the period commencing on the 1st day of April, 1985 and ending with the 30th day of September, 1991" shall be substituted.

96. In section 7 of the Interest-tax Act, with effect from the 1st day of October, 1991.—

(a) for sub-sections (1) and (2), the following sub-sections shall be substituted, namely:—

"(1) In the case of every credit institution, its principal officer, or where in the case of a non-resident credit institution any person has been treated as its agent under section 163 of the Income-tax Act, such person, shall furnish a return of the chargeable interest of the credit institution of the previous year in the prescribed form and verified in the prescribed manner and setting forth such other particulars as may be prescribed, before the 31st day of December of the assessment year.

(2) Without prejudice to the provisions of sub-section (1), the Assessing Officer may, before the end of the relevant assessment year, serve a notice upon the principal officer of any credit institution, or where in the case of a non-resident credit institution any person has been treated as its agent under section 163 of the Income-tax Act, upon such person, requiring him to furnish within thirty days from the date of service of the notice a return of the chargeable interest of the credit institution of the previous year in the prescribed form and verified in the prescribed manner and setting forth such other particulars as may be prescribed.";

(b) in sub-section (3), for the words "before the assessment is made", the words "before the expiry of one year from the end of the relevant assessment year or before the completion of the assessment, whichever is earlier" shall be substituted.

97. In section 8 of the Interest-tax Act, with effect from the 1st day of October, 1991.—

(a) for the words "Income-tax Officer", wherever they occur, the words "Assessing Officer" shall be substituted;

(b) after sub-section (2), the following sub-section shall be inserted, namely:—

"(3) If any person—

(a) fails to make a return as required under sub-section (1) of section 7 and has not made a return or a revised return under sub-section (3) of that section, or

(b) fails to comply with all the terms of notice under sub-section (2) of that section,

the Assessing Officer shall, after taking into account all the relevant material which he has gathered and after giving the assessee an opportunity of being heard, make the assessment of the total chargeable interest to the best of his judgment and determine the sum payable by the assessee on the basis of such assessment:

Provided that such opportunity shall be given by the Assessing Officer by serving a notice calling upon the assessee

Amend-  
ment of  
section  
8.

to show cause, on a date and time to be specified in the notice, why the assessment should not be completed to the best of his judgment: .

Provided further that it shall not be necessary to give such opportunity in a case where a notice under sub-section (1) has been issued prior to the making of an assessment under this section.”.

98. For section 9 of the Interest-tax Act, the following section shall be substituted, with effect from the 1st day of October, 1991, namely:—

“9. (1) Where interest-tax is payable on the basis of any return required to be furnished under section 7 or section 10, after taking into account the amount of interest-tax, if any, already paid under any provision of this Act, the assessee shall be liable to pay such interest-tax, together with interest payable under any provision of this Act for any delay in furnishing the return or any default or delay in payment of advance interest-tax, before furnishing the return and the return shall be accompanied by proof of payment of such interest-tax and interest.

*Explanation.*—Where the amount paid by the assessee under this sub-section falls short of the aggregate of the interest-tax and interest as aforesaid, the amount so paid shall first be adjusted towards the interest payable as aforesaid and the balance, if any, shall be adjusted towards the interest-tax payable.

(2) After the assessment under section 8 has been made, any amount paid under sub-section (1) shall be deemed to have been paid towards such assessment.

(3) If any assessee fails to pay the whole or any part of interest-tax or interest or both in accordance with the provisions of sub-section (1), he shall, without prejudice to any other consequences which he may incur, be deemed to be an assessee in default in respect of the interest-tax or interest or both remaining unpaid, and all the provisions of this Act shall apply accordingly.”.

99. In section 10 of the Interest-tax Act, for the words “Income-tax Officer”, wherever they occur, the words “Assessing Officer” shall be substituted with effect from the 1st day of October, 1991.

100. After section 10 of the Interest-tax Act, the following section shall be inserted with effect from the 1st day of October, 1991, namely:—

“10A. (1) No order of assessment shall be made under section 8 at any time after the expiry of two years from the end of the assessment year in which the interest was first assessable.

(2) No order of assessment or reassessment shall be made under section 10 after the expiry of two years from the end of the financial year in which the notice under that section was served.

(3) Notwithstanding anything contained in sub-sections (1) and (2), an order of fresh assessment in pursuance of an order passed under section 15, section 16, section 19 or section 20, setting aside or cancelling an assessment, may be made at any time before the expiry of two years from the end of the financial year in which

Substitution of new section for section 9.

Self-assessment.

Amendment of section 10.

Insertion of new section 10A.

Time limit for completion of assessments and reassessments.

the order under section 15 or section 16 is received by the Commissioner or, as the case may be, the order under section 19 or section 20 is passed by the Commissioner.

(4) The provisions of sub-sections (1) and (2) shall not apply to the assessment or reassessment made in consequence of, or to give effect to, any finding or direction contained in an order under section 15 or section 16 or section 19 or section 20 of this Act or section 256 or section 260 of the Income-tax Act as applicable to this Act by virtue of section 21 of this Act or in an order of any court in a proceeding otherwise than by way of appeal or reference under this Act and such assessment or reassessment may, subject to the provisions of sub-section (3), be completed at any time.

*Explanation 1.*— In computing the period of limitation for the purposes of this section—

(i) the time taken in reopening the whole or any part of the proceeding; or

(ii) the period during which the assessment proceeding is stayed by an order or injunction of any court,

shall be excluded.

*Explanation 2.*—Where, by an order referred to in sub-section (4), any interest is excluded from the chargeable interest for an assessment year in respect of an assessee, then, an assessment of such interest for another assessment year shall, for the purposes of section 10 and this section, be deemed to be one made in consequence of, or to give effect to, any finding or direction contained in the said order.”.

**101.** For sections 11 to 13 of the Interest-tax Act, the following sections shall be substituted, with effect from the 1st day of October, 1991, namely:—

Substitution of new sections for sections 11 to 18.

Advance payment of interest-tax.

‘11. (1) Interest-tax shall be payable in advance during the financial year in respect of the chargeable interest for the assessment year immediately following that financial year in accordance with the provision of this section.

(2) Interest-tax shall be payable in advance in three instalments during each financial year, the due date of, and the amount payable in, each such instalment being as specified in the following Table:

TABLE

Due date of instalment	Amount payable
On or before the 15th September	Not less than twenty per cent. of such interest-tax payable in advance.
On or before the 15th December	Not less than fifty per cent. of such interest-tax payable in advance, as reduced by the amount, if any, paid in the earlier instalment.
On or before the 15th March	The whole amount of such interest-tax payable in advance as reduced by the amount or amounts, if any, paid in the earlier instalment or instalments :

Provided that any amount paid by way of interest-tax payable in advance on or before the 31st day of March shall also be treated as interest-tax paid in advance during the financial year ending on that day for all the purposes of this Act.

12. (1) Where the return of chargeable interest for any assessment year under sub-section (1) of section 7, or in response to a notice under sub-section (2), of that section is furnished after the due date, or is not furnished, the assessee shall be liable to pay simple interest at the rate of two per cent. for every month or part of a month comprised in the period commencing on the date immediately following the due date, and,—

Interest for default in furnishing return of chargeable interest.

(a) where the return is furnished after the due date, ending on the date of the furnishing of the return; or

(b) where no return has been furnished, ending on the date of completion of assessment under sub-section (3) of section 8, on the amount of the interest-tax on the chargeable interest as determined under sub-section (2) or sub-section (3) of section 8 as reduced by the interest-tax paid in advance.

*Explanation 1.*—In this section, “due date” means the 31st day of December of the relevant assessment year or, as the case may be, the date on which return in response to a notice under sub-section (2) of section 7 is due to be filed.

*Explanation 2.*—Where in relation an assessment year, an assessment is made for the first time under section 10, the assessment so made shall be regarded as assessment made under sub-section (2), or, as the case may be, sub-section (3) of section 8.

*Explanation 3.*—For the purposes of computing the interest payable under section 9, interest-tax on the chargeable interest declared in the return shall be deemed to be the interest-tax on total chargeable interest determined under sub-section (2) or sub-section (3) of section 8.

(2) The interest payable under sub-section (1) shall be reduced by the interest, if any, paid under section 9 towards the interest chargeable under this section.

(3) Where the return of chargeable interest for any assessment year, required by a notice under section 10 issued after the completion of assessment under sub-section (2) or sub-section (3) of section 8 or section 10 is furnished after the expiry of the time allowed under such notice or is not furnished, the assessee shall be liable to pay simple interest at the rate of two per cent. for every month or part of a month comprised in the period commencing on the date immediately following the expiry of time allowed as aforesaid, and,—

(a) where the return is furnished after the expiry of the time aforesaid, ending on the date of furnishing the return; or

(b) where no return has been furnished, ending on the day of completion of the reassessment under section 10.

on the amount by which the interest-tax on the chargeable interest as determined on the basis of such reassessment exceeds the interest-tax on chargeable interest on the basis of earlier assessment aforesaid.

(4) Where, as a result of an order under section 15 or section 17 of this Act or section 254 or section 260 or section 262 of the Income-tax Act, as applicable to this Act by virtue of section 21 of this Act, the amount on which interest was payable under sub-section (1) or sub-section (3) has been increased or reduced, as the case may be, the interest shall be increased or reduced accordingly, and—

(i) in a case where the interest is increased, the Assessing Officer shall serve on the assessee a notice of demand in the prescribed form specifying the sum payable and such notice of demand shall be deemed to be a notice under section 156 of the Income-tax Act as applicable to this Act by virtue of section 21, and the provisions of this Act shall apply accordingly;

(ii) in a case where the interest is reduced, the excess interest paid, if any, shall be refunded.

(5) The provisions of this section shall apply in respect of assessments for the assessment year commencing on the 1st day of April, 1992 and subsequent years.

Interest  
for de-  
fault in  
payment  
of in-  
terest-  
tax in  
advance.

12A. (1) Subject to the other provisions of this section, where in any financial year, an assessee, who is liable to pay interest-tax in advance under section 11 has failed to pay such tax, or where the interest-tax paid in advance by such assessee is less than ninety per cent. of the assessed interest-tax, the assessee shall be liable to pay simple interest at the rate of two per cent for every month or part of a month comprised in the period from the 1st day of April next following such financial year to the date of determination of chargeable interest under sub-section (2) or, as the case may be, sub-section (3) of section 8 on an amount equal to the assessed interest-tax, or, as the case may be, on the amount by which the interest-tax payable in advance falls short of the assessed interest-tax.

*Explanation 1.*—In this section “assessed interest-tax” means,—

(a) for the purpose of computing the interest payable under section 9, the interest-tax on the chargeable interest as declared in the return referred to in that section;

(b) in any other case, interest-tax on chargeable interest as determined under sub-section (2) or, as the case may be, sub-section (3) of section 8.

*Explanation 2.*—Where, in relation to an assessment year, an assessment is made for the first time under section 10, the assessment so made shall be regarded as assessment made under sub-section (2) or, as the case may be, sub-section (3) of section 8.

(2) Where, before the date of completion of assessment under sub-section (2) or sub-section (3) of section 8, interest-tax is paid by the assessee under section 9 or otherwise,—

(i) interest shall be calculated in accordance with the foregoing provisions of this section up to the date on which the tax is so paid, and reduced by the interest, if any, paid under section 9 towards the interest chargeable under this section;

(ii) thereafter, interest shall be calculated at the rate **afore-said** on the amount by which the tax so paid together with interest-tax paid in advance falls short of the assessed interest-tax.

(3) Where, as a result of an order of reassessment under section 10, the amount on which the interest was payable under sub-section (1) is increased, the assessee shall be liable to pay simple interest at the rate of two per cent. for every month or part of a month comprised in the period commencing on the day following the completion of the assessment under sub-section (2) or, as the case may be, sub-section (3) of section 8 referred to in sub-section (1) and ending on the date of reassessment under section 10, on the amount by which the interest-tax on the basis of the reassessment exceeds the interest-tax on the chargeable interest determined on the basis of assessment under sub-section (2) or, as the case may be, sub-section (3) of section 8.

(4) Where, as a result of an order under section 15 or section 17 of this Act or section 254 or section 260 or section 262 of the Income-tax Act as applicable to this Act by virtue of section 21 of this Act, the amount on which interest was payable under sub-section (1) or sub-section (3) has been increased or reduced, as the case may be, the interest shall be increased or reduced accordingly, and—

(i) in a case where the interest is increased, the Assessing Officer shall serve on the assessee a notice of demand in the prescribed form specifying the sum payable and such notice of demand shall be deemed to be a notice under section 156 of the Income-tax Act as applicable to this Act by virtue of section 21 of this Act, and provisions of this Act shall apply accordingly;

(ii) in a case where the interest is reduced, the excess interest paid, if any, shall be refunded.

(5) The provisions of this section shall apply in respect of assessments for the assessment year **commencing** on the 1st day of April, 1992 and subsequent assessment years.

12B. (1) Where in any financial year, the assessee who is liable to pay interest-tax in advance under section 11 has failed to pay the interest-tax and where such tax paid by the assessee on his chargeable interest on or before the 15th day of September is less than twenty per cent. of the interest-tax due on the returned chargeable interest or the amount of such interest-tax paid on or before the 15th day of December is less than **fifty per cent.** of the tax due on the returned chargeable interest, then, the assessee shall be liable to pay

Interest  
for de-  
ferment  
of  
interest-  
tax  
payable  
in  
advance

simple interest at the rate of one and one-half per cent. per month of the shortfall for a period of three months on the amount of shortfall from twenty per cent. or, as the case may be, fifty per cent. of the interest-tax due on the returned chargeable interest.

(2) The provisions of this section shall apply in respect of assessments for the assessment year commencing on the 1st day of April, 1992 and subsequent assessment years.

Penalty for concealment of chargeable interest.

13. If the Assessing Officer or the Commissioner (Appeals) in the course of any proceeding under this Act, is satisfied that any person has concealed the particulars of chargeable interest or has furnished inaccurate particulars of such interest, he may direct that such person shall pay by way of penalty, in addition to any interest-tax payable by him, a sum which shall not be less than, but shall not exceed three times, the amount of interest-tax sought to be evaded by reason of the concealment of particulars of his chargeable interest or the furnishing of inaccurate particulars of such chargeable interest.'

Amendment of section 15.

102. In section 15 of the Interest-tax Act, for the words "Income-tax Officer", wherever they occur, the words "Assessing Officer" shall be substituted, with effect from the 1st day of October, 1991.

Omission of section 15A.

103. Section 15A of the Interest-tax Act, shall be omitted with effect from the 1st day of October, 1991.

Amendment of section 16.

104. In section 16 of the Interest-tax Act, for the words "Income-tax Officer", wherever they occur, the words "Assessing Officer" shall be substituted, with effect from the 1st day of October, 1991.

Amendment of section 17.

105. In section 17 of the Interest-tax Act, for the words "Income-tax Officer", wherever they occur, the words "Assessing Officer" shall be substituted, with effect from the 1st day of October, 1991.

Substitution of new section for section 18.

106. For section 18 of the Interest-tax Act, the following section shall be substituted, with effect from the 1st day of October, 1991, namely:—

Interest-tax deductible in computing total income under the Income-tax Act.

18. Notwithstanding anything contained in the Income-tax Act, in computing the income of a credit institution chargeable to income-tax under the head "Profits and gains of business or profession" or under the head "Income from other sources", the interest-tax payable by the credit institution for any assessment year shall be deductible from the income, under the respective heads, of the credit institution assessable for that assessment year.'

Amendment of section 19.

107. In section 19 of the Interest-tax Act, with effect from the 1st day of October, 1991,—

(a) in sub-section (1),—

(i) for the words "Income-tax Officer", the words "Assessing Officer" shall be substituted;

(ii) for the *Explanation*, the following *Explanation* shall be substituted, namely:—

*'Explanation.*—For the removal of doubts, it is hereby declared that, for the purposes of this sub-section,—

(a) “record” shall include and shall be deemed always to have included all records relating to any proceeding under this Act available at the time of examination by the Commissioner;

(b) where any order referred to in this sub-section is the subject matter of any appeal, the power of the Commissioner under this sub-section shall extend to all such matters as had not been considered and decided in such appeal.’;

(b) in sub-section (3), in the *Explanation*, after the word, brackets and figure “sub-section (2)”, the words and figures “the time taken in giving an opportunity to the assessee to be reheard under the proviso to section 129 of the Income-tax Act, as applicable to this Act by virtue of section 21 of this Act, and” shall be inserted.

**108.** In section 20 of the Interest-tax Act, with effect from the 1st day of October, 1991,—

Amend-  
ment of  
section  
20.

(a) in sub-section (1), for the words “Income-tax Officer”, the words “Assessing Officer” shall be substituted;

(b) for the words and brackets “to the Commissioner (Appeals)”, wherever they occur, the words and brackets “to the Commissioner (Appeals) or to the Appellate Tribunal” shall be substituted.

**109.** In section 21 of the Interest-tax Act, for the portion beginning with “2(43B) and (44)” and ending with “the Third Schedule”, the following shall be substituted, with effect from the 1st day of October, 1991, namely:—

Amend-  
ment of  
section  
21.

“2(44), 129, 131, 132, 132A, 132B, 133 to 136 (both inclusive), 138, 140, 145, 156, 160, 161, 162, 163, 166, 167, 170, 173, 175, 176, 178, 179, 220 to 227 (both inclusive), 228A, 229, 232, 237 to 245 (both inclusive), 254 to 262 (both inclusive), 265, 266, 268, 269, 281, 281B, 282, 284, 287, 288, 288A, 288B, 289 to 293 (both inclusive), the Second Schedule and the Third Schedule.”.

**110.** For sections 23 to 26, the following sections shall be substituted, with effect from the 1st day of October, 1991, namely:—

Substitu-  
tion of  
new  
sections  
for sec-  
tions 23  
to 26.

‘23. If any person fails, without reasonable cause, to produce or cause to be produced, any accounts or documents required to be produced under section 8, he shall pay by way of penalty, a sum which shall not be less than one thousand rupees, but which may extend to twenty-five thousand rupees, for each such failure.

Failure to  
comply  
with  
notices.

False  
state-  
ments.

24. If a person makes a statement in any verification under this Act or any rule made thereunder, or delivers an account or statement which is false, and which he either knows or believes to be false or does not believe to be true, he shall be punishable with rigorous imprisonment for a term which shall not be less than three months but which may extend to seven years and with fine.

Wilful  
attempt  
to evade  
tax, etc.

25. If a person wilfully attempts in any manner whatsoever to evade any interest-tax, penalty or interest chargeable or imposable under this Act, he shall, without prejudice to any penalty that may be imposable on him under any other provision of this Act, be punishable with rigorous imprisonment for a term which shall not be less than three months but which may extend to seven years and with fine.

*Explanation.*—For the purposes of this section, a wilful attempt to evade any interest-tax, penalty or interest chargeable or imposable under this Act or the payment thereof shall include a case where any person—

- (i) has in his possession or control any books of account or other documents (being books of account or other documents relevant to any proceeding under this Act) containing a false entry or statement; or
- (ii) makes or causes to be made any false entry or statement in such books of account or other documents; or
- (iii) wilfully omits or causes to be omitted any relevant entry or statement in such books of account or other documents; or
- (iv) causes any other circumstances to exist which will have the effect of enabling such person to evade any interest-tax, penalty or interest chargeable or imposable under this Act or the payment thereof.

Abet-  
ment of  
false  
returns,  
etc.

26. If a person abets or induces in any manner another person to make and deliver any account or a statement or declaration relating to any chargeable interest which is false and which he either knows or believes to be false or does not believe to be true or to commit an offence under section 25, he shall be punishable with rigorous imprisonment for a term which shall not be less than three months but which may extend to seven years and with fine.

Offences  
by credit  
institu-  
tions.

26A. (1) Where an offence under this Act has been committed by a credit institution, every person who, at the time the offence was committed, was in charge of, and was responsible to, the credit institution or the conduct of the business of the credit institution as well as the credit institution shall be deemed to be guilty of the offence and shall be liable to be proceeded against and punished accordingly:

Provided that nothing contained in this sub-section shall render any such person liable to any punishment if he proves that the offence was committed without his knowledge or that he had exercised all due diligence to prevent the commission of such offence.

(2) Notwithstanding anything contained in sub-section (1), where an offence under this Act has been committed by a credit institution and it is proved that the offence has been committed with the consent or connivance of, or is attributable to any neglect on the part of, any director, manager, secretary or other officer of the credit institution, such director, manager, secretary or other officer shall also be deemed to be guilty of that offence and shall be liable to be proceeded against and punished accordingly.

*Explanation*.—For the purposes of this section, “director”, in relation to a co-operative society, means any member controlling the affairs thereof.

45 of 1860.

26B. (1) A person shall not be proceeded against for any offence under section 24 or section 25 or section 26 or for any offence under the Indian Penal Code, except with the previous sanction of the Commissioner or Commissioner (Appeals):

Provided that the Chief Commissioner or, as the case may be, Director General may issue such instructions or directions to the aforesaid interest-tax authorities as he may deem fit for institution of proceedings under this sub-section.

(2) Any offence under the sections referred to in sub-section (1) may, either before or after the institution of proceedings, be compounded by the Chief Commissioner or Director General.

*Explanation*.—For the removal of doubts, it is hereby declared that the power of the Board to issue orders, instructions or directions under this Act shall include the power to issue instructions or directions (including instructions or directions to obtain the previous approval of the Board) to other interest-tax authorities for the proper composition of offences under this section.

26C. Notwithstanding anything contained in any agreement under which any term loan has been sanctioned by the credit institution before the 1st day of October, 1991, it shall be lawful for the credit institution to vary the agreement, so as to increase the rate of interest stipulated therein to the extent to which such institution is liable to pay the interest-tax under this Act in relation to the amount of interest on the term loan which is due to the credit institution.

*Explanation*.—For the purposes of this section, “term loan” means a loan which is not repayable on demand.’

**111.** In section 28 of the Interest-tax Act, for the words “any scheduled bank or any class of scheduled banks”, the words “any credit institution or any class of credit institutions or any interest on any category of loans or advances” shall be substituted, with effect from the 1st day of October, 1991.

**112.** Section 29 of the Interest-tax Act shall be renumbered as sub-section (1) thereof and after sub-section (1), as so renumbered, the following sub-sections shall be inserted, with effect from the 1st day of October, 1991, namely:—

Institution of proceedings and composition of offences.

Power of credit institutions to vary certain agreements.

Amendment of section 28.

Amendment of section 29.

“(2) If any difficulty arises in giving effect to the provisions of this Act, as amended by the Finance (No. 2) Act, 1991, the Central Government may, by order, do anything not inconsistent with such provisions for the purpose of removing the difficulty:

Provided that no such order shall be made after the expiry of two years from the 1st day of October, 1991.

(3) Every order made under sub-section (2) shall be laid before each House of Parliament.”.

*Expenditure-tax*

Amend-  
ment of  
long  
title.

35 of 1987.

113. In the long title to the Expenditure-tax Act, 1987 (hereinafter referred to as the Expenditure-tax Act), after the words “in certain hotels”, the words “or restaurants and for matters connected therewith or incidental thereto” shall be inserted, with effect from the 1st day of October, 1991.

Amend-  
ment of  
section  
2.

114. In section 2 of the Expenditure-tax Act, after clause (9), the following clause shall be inserted, with effect from the 1st day of October, 1991, namely:—

‘(9A) “restaurant” means any premises, not being a restaurant situated in a hotel referred to in clause (1) of section 3, in which the business of sale of food or drink to the public is carried on and such premises, at the beginning of any month, are equipped with, or have access to, facilities for air-conditioning;’.

Substitu-  
tion of  
new  
sections  
for sec-  
tions 3  
to 5.

115. For sections 3 to 5 of the Expenditure-tax Act, the following sections shall be substituted, with effect from the 1st day of October, 1991, namely:—

Applica-  
tion of  
the  
Act.

‘3. This Act shall apply in relation to any chargeable expenditure—

(1) incurred in a hotel wherein the room charges for any unit of residential accommodation at the time of incurring of such expenditure are four hundred rupees or more per day per individual and where,—

(a) a composite charge is payable in respect of such unit and food, the room charges included therein shall be determined in the prescribed manner;

(b) (i) a composite charge is payable in respect of such unit, food, drinks and other services, or any of them, and the case is not covered by the provisions of sub-clause (a), or

(ii) it appears to the Assessing Officer that the charges for such unit, food, drinks or other services are so arranged that the room charges are understated and the other charges are overstated,

the Assessing Officer shall, for the purposes of this clause determine the room charges on such reasonable basis as he may deem fit; and

(2) incurred in a restaurant.

4. Subject to the provisions of this Act, there shall be charged on and from—

(a) the commencement of this Act, a tax at the rate of twenty per cent. of the chargeable expenditure incurred in a hotel referred to in clause (1) of section 3:

Provided that nothing in this clause shall apply in the case of a hotel referred to in clause (ii) of sub-section (5) of section 80-IA of the Income-tax Act during the period beginning on the 1st day of April, 1991 and ending on the 31st day of March, 2001;

(b) the 1st day of October, 1991, a tax at the rate of fifteen per cent. of the chargeable expenditure incurred in a restaurant referred to in clause (2) of section 3.

5. For the purposes of this Act, chargeable expenditure,—

(1) in relation to a hotel referred to in clause (1) of section 3, means any expenditure incurred in, or payments made to, the hotel in connection with the provision of—

(a) any accommodation, residential or otherwise; or

(b) food or drink by the hotel, whether at the hotel or outside, or by any other person at the hotel; or

(c) any accommodation in such hotel on hire or lease; or

(d) any other services at the hotel, either by the hotel or by any other person, by way of beauty parlour, health club, swimming pool or other services,

but does not include—

(i) any expenditure which is incurred, or payment for which is made, in foreign exchange;

(ii) any expenditure incurred by persons within the purview of the Vienna Convention on Diplomatic Relations, 1961 or the Vienna Convention on Consular Relations, 1963;

(iii) any expenditure incurred in any shop or in any office which is not owned or managed by the person who carries on the business of a hotel;

(iv) any expenditure by way of any tax, including tax under this Act.

*Explanation.*—For the purposes of this clause,—

(a) expenditure incurred or any payments made in Indian currency obtained by conversion of foreign exchange into Indian currency shall in such cases and in such circumstances as may be prescribed be deemed to have been

Charge of expenditure-tax.

Meaning of Chargeable expenditure.

incurred or, as the case may be, made in foreign exchange; and

(b) "foreign exchange" and "Indian currency" shall have the meanings respectively assigned to them in clauses (h) and (k) of section 2 of the Foreign Exchange Regulation Act, 1973;

46 of 1973.

(2) in relation to a restaurant referred to in clause (2) of section 3, means any expenditure incurred in, or payments made to, a restaurant in connection with the provision of food or drink by the restaurant, whether at the restaurant or outside, or by any other person in the restaurant, but does not include any expenditure referred to in sub-clauses (ii) and (iv) of clause (1).

**116.** For section 7 of the Expenditure-tax Act, the following section shall be substituted, with effect from the 1st day of October, 1991, namely:—

Substi-  
tution of  
new sec-  
tion for  
section 7.

Collection  
and  
recovery  
of  
expendi-  
ture-tax.

"7. (1) Where any chargeable expenditure is incurred in a hotel referred to in clause (1) of section 3.—

(a) if such expenditure relates to any of the services, specified in sub-clauses (a) to (d) of clause (1) of section 5, provided by the hotel, the person who carries on the business of such hotel; and

(b) if such expenditure relates to any of the services, specified in sub-clause (b) or sub-clause (d) of clause (1) of section 5, provided by the other person referred to therein, such other person,

shall collect the expenditure-tax at the rate specified in clause (a) of section 4.

(2) Where any chargeable expenditure is incurred in a restaurant referred to in clause (2) of section 3 in relation to any services specified in clause (2) of section 5 and where such services are—

(a) provided by the restaurant, the person who carries on the business of such restaurant; and

(b) provided by the other person, such other person, shall collect the expenditure-tax at the rate specified in clause (b) of section 4.

(3) The tax collected during any calendar month in accordance with the provisions of sub-sections (1) and (2) shall be paid to the credit of the Central Government by the 10th of the month immediately following the said calendar month.

(4) Any person responsible for collecting the tax, who fails to collect the tax in accordance with the provisions of sub-section (1) or sub-section (2) shall, notwithstanding such failure, be liable to pay the tax to the credit of the Central Government in accordance with the provisions of sub-section (3).".

**117. For section 15 of the Expenditure-tax Act, the following section shall be substituted, with effect from the 1st day of October, 1991, namely:—**

Substitution of new section for section 15.

“15. Any person responsible for collecting expenditure-tax in accordance with the provisions of sub-section (1) or sub-section (2) of section 7, who—

Penalty for failure to collect or pay expenditure-tax.

(a) fails to collect such tax; or

(b) having collected the tax, fails to pay such tax to the credit of the Central Government in accordance with the provisions of sub-section (3) of that section,

shall pay,—

(i) in the case referred to in clause (a), in addition to paying tax in accordance with the provisions of sub-section (4) of that section, by way of penalty, a sum equal to the amount of tax that he failed to collect; and

(ii) in the case referred to in clause (b), in addition to paying interest in accordance with the provisions of section 14, by way of penalty, a sum which shall not be less than one hundred rupees but which may extend to two hundred rupees for every day during which the failure continues, so, however, that the penalty under this clause shall not exceed the amount of tax that he failed to pay.”.

**118. In section 24 of the Expenditure-tax Act, with effect from the 1st day of October, 1991,—**

Amendment of section 24.

(a) for the figures and letter “140, 144A”, the figures and letters “139A, 140, 144A, 145” shall be substituted;

(b) after the figures “188”, the figures and letter “188A” shall be inserted;

(c) after the figures and letter “278E”, the figures and letter “279B” shall be inserted.

**119. In section 31 of the Expenditure-tax Act, in sub-section (2), with effect from the 1st day of October, 1991,—**

Amendment of section 31.

(i) in clause (a), for the words, brackets and figures “sub-section (2) of section 3”, the words, brackets, letter and figures “sub-clause (a) of clause (1) of section 3 shall be substituted;

(ii) in clause (b), for the word and figure "section 5", the words, brackets and figures "clause (1) of section 5" shall be substituted.

#### CHAPTER IV

##### INDIRECT TAXES

###### *Customs*

Amend-  
ment of  
Act 52  
of 1962.

**120.** In the Customs Act, 1962 (hereinafter referred to as the Customs Act),—

(1) in section 75,—

(a) in sub-section (1), the following provisos shall be inserted, namely:—

"Provided that no drawback shall be allowed under this sub-section in respect of any of the aforesaid goods which the Central Government may, by rules made under sub-section (2), specify, if the export value of such goods or class of goods is less than the value of the imported materials used in the manufacture of such goods or class of goods, or is not more than such percentage of the value of the imported materials used in the manufacture of such goods or class of goods as the Central Government may, by notification in the Official Gazette, specify in this behalf:

Provided further that where any drawback has been allowed on any goods under this sub-section and the sale proceeds in respect of such goods are not received by or on behalf of the exporter in India within the time allowed under the Foreign Exchange Regulation Act, 1973, such drawback shall be deemed never to have been allowed and the Central Government may, by rules made under sub-section (2), specify the procedure for the recovery or adjustment of the amount of such drawback.";

46 of 1973.

(b) in sub-section (2), after clause (a), the following clauses shall be inserted, namely:—

"(aa) for specifying the goods in respect of which no drawback shall be allowed;

"(ab) for specifying the procedure for recovery or adjustment of the amount of any drawback which had been allowed under sub-section (1);";

(2) in section 113, after clause (i), the following clause shall be inserted, namely:—

"(ii) any goods entered for exportation under claim for drawback which do not correspond in any material particular with any information furnished by the exporter or manufacturer under this Act in relation to the fixation of rate of drawback under section 75;";

(3) in section 142, in sub-section (1), for the words "demanded from any person", the words "demanded from any person or any amount of drawback to be recovered from any person" shall be substituted.

**121.** The Customs Tariff Act, 1975 (hereinafter referred to as the Customs Tariff Act),—

Amendment of  
Act 51<sup>1</sup>  
of 1975.

(a) shall be amended in the manner specified in the Second Schedule; and

(b) shall, with effect from such date as the Central Government may, by notification in the Official Gazette, appoint, be also amended in the manner specified in the Third Schedule.

*Excise*

**122.** The Central Excise Tariff Act, 1985 (hereinafter referred to as the Central Excise Tariff Act), shall be amended in the manner specified in the Fourth Schedule.

Amendment of  
Act 5  
of 1986.

**123.** The Additional Duties of Excise (Goods of Special Importance) Act, 1957 (hereinafter referred to as the Additional Duties of Excise Act), shall be amended in the manner specified in the Fifth Schedule.

Amendment of  
Act 58  
of 1957.

CHAPTER V

MISCELLANEOUS

**124.** In the Industrial Development Bank of India Act, 1964, section 35 shall be omitted with effect from the 1st day of April, 1992.

Omission  
of sec-  
tion 35  
of Act  
18 of  
1964.

**125.** In section 40 of the Finance Act, 1983, with effect from the 1st day of April, 1992,—

Amend-  
ment of  
section  
40 of  
Act 11 of  
1983.

(a) in sub-section (3),—

(i) in clause (v), in the proviso, after the words "for industrial purposes", the words "or for construction of a hotel" shall be inserted;

(ii) in clause (vib), in the *Explanation*, for the words, brackets, letters and figures "in clause (b) of *Explanation 1* to section 80F", the words and figures "in *Explanation 1* to section 13" shall be substituted;

(b) for sub-section (4), the following sub-section shall be substituted, namely:—

'(4) The value of any asset specified in sub-section (3) shall be either its value as on the valuation date determined in the manner laid down in Schedule III to the Wealth-tax Act or its value, disclosed in the balance sheet of the company, on the valuation date, whichever is higher.

*Explanation.*—For the purposes of this sub-section, "balance sheet", as drawn up on the valuation date, shall have the same meaning as in rule 11 of Schedule III to the Wealth-tax Act.;

(c) in sub-section (5), in clause (a), the words, brackets, letter and figures, clause (a) of sub-section (2) of section 7" shall be omitted.

**126.** Section 2 of the Finance Act, 1991 is hereby repealed and shall be deemed never to have been enacted.

18 of 1991.

Repeal.

## THE FIRST SCHEDULE

(See section 2)

## PART I

## INCOME-TAX

## Paragraph A

## Sub-Paragraph I

In the case of every individual or Hindu undivided family or unregistered firm or other association of persons or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2 of the Income-tax Act, not being a case to which Sub-Paragraph II of this Paragraph or any other Paragraph of this Part applies,—

## Rates of income-tax

(1) where the total income does not exceed Rs. 22,000	Nil;
(2) where the total income exceeds Rs. 22,000 but does not exceed Rs. 30,000	20 per cent. of the amount by which the total income exceeds Rs. 22,000;
(3) where the total income exceeds Rs. 30,000 but does not exceed Rs. 50,000	Rs. 1,600 <i>plus</i> 30 per cent. of the amount by which the total income exceeds Rs. 30,000;
(4) where the total income exceeds Rs. 50,000 but does not exceed Rs. 1,00,000	Rs. 7,600 <i>plus</i> 40 per cent. of the amount by which the total income exceeds Rs. 50,000;
(5) where the total income exceeds Rs. 1,00,000	Rs. 27,600 <i>plus</i> 50 per cent. of the amount by which the total income exceeds Rs. 1,00,000.

## Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Sub-Paragraph shall,—

(i) in the case of every individual, Hindu undivided family or association of persons or body of individuals referred to in sections 88 and 88A having a total income exceeding seventy-five thousand rupees, be reduced by the amount of rebate of income-tax calculated under Chapter VIII-A, and the income-tax as so reduced;

(ii) in the case of every person, other than those mentioned in item (i), having a total income exceeding seventy-five thousand rupees,

be increased by a surcharge for purposes of the Union calculated at the rate of twelve per cent of such income-tax:

Provided that no such surcharge shall be payable by a non-resident.

*Sub-Paragraph II*

In the case of every Hindu undivided family which at any time during the previous year has at least one member whose total income of the previous year relevant to the assessment year commencing on the 1st day of April, 1991 exceeds Rs. 22,000,—

*Rates of income-tax*

(1) where the total income does not exceed Rs. 12,000	Nil;
(2) where the total income exceeds Rs. 12,000 but does not exceed Rs. 20,000	25 per cent. of the amount by which the total income exceeds Rs. 12,000;
(3) where the total income exceeds Rs. 20,000 but does not exceed Rs. 40,000	Rs. 2,000 <i>plus</i> 30 per cent. of the amount by which the total income exceeds Rs. 20,000;
(4) where the total income exceeds Rs. 40,000 but does not exceed Rs. 60,000	Rs. 8,000 <i>plus</i> 40 per cent. of the amount by which the total income exceeds Rs. 40,000;
(5) where the total income exceeds Rs. 60,000 but does not exceed Rs. 1,00,000	Rs. 16,000 <i>plus</i> 50 per cent. of the amount by which the total income exceeds Rs. 60,000;
(6) where the total income exceeds Rs. 1,00,000	Rs. 36,000 <i>plus</i> 55 per cent. of the amount by which the total income exceeds Rs. 1,00,000.

*Surcharge on income-tax*

The amount of income-tax computed in accordance with the preceding provisions of this Sub-Paragraph shall, in the case of every person having a total income exceeding seventy-five thousand rupees, be reduced by the amount of rebate of income-tax calculated under Chapter VIII-A and the income-tax as so reduced be increased by a surcharge for purposes of the Union calculated at the rate of twelve per cent. of such income-tax:

Provided that no such surcharge shall be payable by a non-resident.

*Paragraph B*

In the case of every co-operative society,—

*Rates of income-tax*

(1) where the total income does not exceed Rs. 10,000	10 per cent. of the total income;
(2) where the total income exceeds Rs. 10,000 but does not exceed Rs. 20,000	Rs. 1,000 <i>plus</i> 20 per cent. of the amount by which the total income exceeds Rs. 10,000;
(3) where the total income exceeds Rs. 20,000	Rs. 3,000 <i>plus</i> 35 per cent. of the amount by which the total income exceeds Rs. 20,000.

*Surcharge on income-tax*

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph shall, in the case of every person having a total income exceeding seventy-five thousand rupees, be increased by a surcharge for purposes of the Union calculated at the rate of twelve per cent. of such income-tax.

*Paragraph C**Sub-Paragraph I*

In the case of every registered firm, not being a case to which Sub-Paragraph II of this Paragraph applies,—

*Rates of income-tax*

(1) where the total income does not exceed Rs. 15,000	<i>Nil;</i>
(2) where the total income exceeds Rs. 15,000 but does not exceed Rs. 50,000	6 per cent. of the amount by which the total income exceeds Rs. 15,000;
(3) where the total income exceeds Rs. 50,000 but does not exceed Rs. 1,00,000	Rs. 2,100 <i>plus</i> 12 per cent. of the amount by which the total income exceeds Rs. 50,000;
(4) where the total income exceeds Rs. 1,00,000	Rs. 8,100 <i>plus</i> 18 per cent. of the amount by which the total income exceeds Rs. 1,00,000.

*Surcharge on income-tax*

The amount of income-tax computed in accordance with the preceding provisions of this Sub-Paragraph shall, in the case of every person having a total income exceeding seventy-five thousand rupees, be increased by a surcharge for purposes of the Union calculated at the rate of twelve per cent. of such income-tax.

*Sub-Paragraph II*

In the case of every registered firm whose total income includes income derived from a profession carried on by it and the income so included is not less than fifty-one per cent. of such total income,—

*Rates of income-tax*

(1) where the total income does not exceed Rs. 15,000	<i>Nil;</i>
(2) where the total income exceeds Rs. 15,000 but does not exceed Rs. 50,000	5 per cent. of the amount by which the total income exceeds Rs. 15,000;
(3) where the total income exceeds Rs. 50,000 but does not exceed Rs. 1,00,000	Rs. 1,750 <i>plus</i> 10 per cent. of the amount by which the total income exceeds Rs. 50,000;
(4) where the total income exceeds Rs. 1,00,000	Rs. 6,750 <i>plus</i> 15 per cent. of the amount by which the total income exceeds Rs. 1,00,000.

*Surcharge on income-tax*

The amount of income-tax computed in accordance with the preceding provisions of this Sub-Paragraph shall, in the case of every person having a total income exceeding seventy-five thousand rupees, be increased by a surcharge for purposes of the Union calculated at the rate of twelve per cent. of such income-tax.

*Explanation.*—For the purposes of this Paragraph, “registered firm” includes an unregistered firm assessed as a registered firm under clause (b) of section 183 of the Income-tax Act.

*Paragraph D*

In the case of every local authority,—

*Rate of income-tax*

On the whole of the total income	50 per cent.
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*Surcharge on income-tax*

The amount of income-tax computed at the rate hereinbefore specified shall, in the case of every person having a total income exceeding seventy-five thousand rupees, be increased by a surcharge for purposes of the Union calculated at the rate of twelve per cent. of such income-tax.

*Paragraph E*

In the case of a company,—

*Rates of income-tax*

## I. In the case of a domestic company,—

(1) where the company is a company in which the public are substantially interested	40 per cent. of the total income;
(2) where the company is not a company in which the public are substantially interested—	
(i) in the case of a trading company or an investment company	50 per cent. of the total income;
(ii) in any other case	45 per cent. of the total income.

## II. In the case of a company other than a domestic company,—

(i) on so much of the total income as consists of—

(a) royalties received from Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern after the 31st day of March, 1961 but before the 1st day of April, 1976, or

(b) fees for rendering technical services received from Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern after the 29th day of February, 1964 but before the 1st day of April, 1976,

and where such agreement has, in either case, been approved by the Central Government

(ii) on the balance, if any, of the total income	50 per cent.;
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(ii) on the balance, if any, of the total income	65 per cent.
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*Surcharge on income-tax*

The amount of income-tax computed in accordance with the provisions of item I of this Paragraph shall, in the case of every person having a total income exceeding seventy-five thousand rupees, be increased by a surcharge calculated at the rate of fifteen per cent. of such income-tax.

## PART II

## RATES FOR DEDUCTION OF TAX AT SOURCE IN CERTAIN CASES

In every case in which under the provisions of sections 193, 194, 194A, 194B, 194BB, 194D and 195 of the Income-tax Act, tax is to be deducted at the rates in force, deduction shall be made from the income subject to deduction at the following rates:—

		Rate of income-tax
1.	In the case of a person other than a company—	
(a)	where the person is resident in India—	
	(i) on income by way of interest other than “Interest on securities”	10 per cent.;
	(ii) on income by way of winnings from lotteries and crossword puzzles	40 per cent.;
	(iii) on income by way of winnings from horse races	40 per cent.;
	(iv) on income by way of insurance commission	10 per cent.;
	(v) on income by way of interest payable on—	10 per cent.;
	(A) any security, other than a tax-free security, of the Central or a State Government;	
	(B) any debentures or other securities for money issued by or on behalf of any local authority or a corporation established by a Central, State or Provincial Act;	
	(C) any debentures issued by a company where such debentures are listed on a recognised stock exchange in India in accordance with the Securities Contracts (Regulation) Act, 1956 and any rules made thereunder;	
	(vi) on any other income (excluding interest pay- able on a tax-free security)	20 per cent.;
(b)	where the person is not resident in India—	
	(i) in the case of a non-resident Indian—	
	(A) on investment income and long-term capital gains	20 per cent.;
	(B) on income by way of interest payable on a tax-free security	15 per cent.;
	(C) on income by way of winnings from lotteries and crossword puzzles	40 per cent.;
	(D) on income by way of winnings from horse races	40 per cent.;

## Rate of income-tax

(E) on the whole of other income	income-tax at 30 per cent. of the amount of income or income-tax in respect of the income at the rates prescribed in Sub-Paragraph I of Paragraph A of Part III of this Schedule, if such income had been the total income, whichever is higher;
(ii) in the case of any other person—	
(A) on income by way of interest payable on a tax-free security	15 per cent.;
(B) on income by way of winnings from lotteries and crossword puzzles	40 per cent.;
(C) on income by way of winnings from horse races	40 per cent.;
(D) on the whole of the other income	income-tax at 30 per cent. of the amount of income or income-tax in respect of the income at the rates prescribed in Sub-Paragraph I of Paragraph A of Part III of this Schedule, if such income had been the total income, whichever is higher.
2. In the case of a company—	
(a) where the company is a domestic company—	
(i) on income by way of interest other than "Interest on securities"	20 per cent.;
(ii) on income by way of winnings from lotteries and crossword puzzles	40 per cent.;
(iii) on income by way of winnings from horse races	40 per cent.;
(iv) on any other income (excluding interest payable on tax-free security)	21.5 per cent.;
(b) where the company is not a domestic company—	
(i) on income by way of dividends payable by any domestic company	25 per cent.;
(ii) on income by way of winnings from lotteries and crossword puzzles	40 per cent.;
(iii) on income by way of winnings from horse races	40 per cent.;
(iv) on income by way of interest payable by Government or an Indian concern on moneys borrowed or debt incurred by Government or the Indian concern in foreign currency	25 per cent.;

## Rate of income-tax

(v) on income by way of royalty payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern after the 31st day of March, 1976, where such royalty is in consideration for the transfer of all or any rights (including the granting of a licence) in respect of copyright in any book on a subject referred to in the proviso to sub-section (1A) of section 115A of the Income-tax Act, to the Indian concern 30 per cent.;

(vi) on income by way of royalty [not being royalty of the nature referred to in sub-item (b)(v)] payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern and which has been approved by the Central Government—

(A) where the agreement is made after the 31st day of March, 1961 but before the 1st day of April, 1976 50 per cent.;

(B) where the agreement is made after the 30 per cent.; 31st day of March, 1976

(vii) on income by way of fees for technical services payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern and which has been approved by the Central Government—

(A) where the agreement is made after the 29th day of February, 1964 but before the 1st day of April, 1976 50 per cent.;

(B) where the agreement is made after the 30 per cent.; 31st day of March, 1976

(viii) on income by way of interest payable on a tax-free security 44 per cent.;

(ix) on any other income 65 per cent.

*Explanation.*—For the purposes of this Part, “investment income”, “long-term capital gains” and “non-resident Indian” shall have the meanings assigned to them in Chapter XII-A of the Income-tax Act.

## Surcharge on income-tax

The amount of income-tax deducted in accordance with the provisions of—

(a) sub-item (a) of item 1 of this Part shall be increased by a surcharge for purposes of the Union calculated at the rate of twelve per cent. of such income-tax, and

(b) sub-item (a) of item 2 of this Part shall be increased by a surcharge, calculated at the rate of fifteen per cent. of such income-tax.

## PART III

## RATES FOR CALCULATING OR CHARGING INCOME-TAX IN CERTAIN CASES, DEDUCTING INCOME-TAX FROM INCOME CHARGEABLE UNDER THE HEAD "SALARIES" AND COMPUTING "ADVANCE TAX"

In cases in which income-tax has to be calculated under the first proviso to sub-section (5) of section 132 of the Income-tax Act or charged under sub-section (4) of section 172 or sub-section (2) of section 174 or section 175 or sub-section (2) of section 176 of the said Act or deducted under section 192 of the said Act from income chargeable under the head "Salaries" or in which the "advance tax" payable under Chapter XVII-C of the said Act has to be computed at the rate or rates in force, such income-tax or, as the case may be, "advance tax" [not being "advance tax" in respect of any income chargeable to tax under Chapter XII or Chapter XII-A or sub-section (1A) of section 161 or section 164 or section 164A or section 167B of the Income-tax Act at the rates as specified in that Chapter or section or surcharge on such "advance tax" in respect of any income chargeable to tax under section 115B], shall be calculated, charged, deducted or computed at the following rate or rates:

## Paragraph A

## Sub-Paragraph I

In the case of every individual or Hindu undivided family or unregistered firm or other association of persons or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2 of the Income-tax Act, not being a case to which Sub-Paragraph II of this Paragraph or any other Paragraph of this Part applies,—

## Rates of income-tax

(1) where the total income does not exceed Rs. 22,000	Nil;
(2) where the total income exceeds Rs. 22,000 but does not exceed Rs. 30,000	20 per cent. of the amount by which the total income exceeds Rs. 22,000;
(3) where the total income exceeds Rs. 30,000 but does not exceed Rs. 50,000	Rs. 1,600 <i>plus</i> 30 per cent. of the amount by which the total income exceeds Rs. 30,000;
(4) where the total income exceeds Rs. 50,000 but does not exceed Rs. 1,00,000	Rs. 7,600 <i>plus</i> 40 per cent. of the amount by which the total income exceeds Rs. 50,000;
(5) where the total income exceeds Rs. 1,00,000	Rs. 27,600 <i>plus</i> 50 per cent. of the amount by which the total income exceeds Rs. 1,00,000.

## Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Sub-Paragraph shall,—

(i) in the case of every individual, Hindu undivided family or association of persons or body of individuals referred to in sections 88 and 88A having a total income exceeding seventy-five thousand

rupees, be reduced by the amount of rebate of income-tax calculated under Chapter VII-A, and the income-tax as so reduced,

(ii) in the case of every person, other than those mentioned in item (i), having a total income exceeding seventy-five thousand rupees,

be increased by a surcharge for purposes of the Union calculated at the rate of twelve per cent. of such income-tax:

Provided that no such surcharge shall be payable by a non-resident.

*Sub-Paragraph II*

In the case of every Hindu undivided family which at any time during the previous year has at least one member whose total income of the previous year relevant to the assessment year commencing on the 1st day of April, 1992 exceeds Rs. 22,000.—

*Rates of income-tax*

(1) where the total income does not exceed Rs. 12,000	Nil;
(2) where the total income exceeds Rs. 12,000 but does not exceed Rs. 20,000	25 per cent. of the amount by which the total income exceeds Rs. 12,000
(3) where the total income exceeds Rs. 20,000 but does not exceed Rs. 40,000	Rs. 2,000 <i>plus</i> 30 per cent. of the amount by which the total income exceeds Rs. 20,000;
(4) where the total income exceeds Rs. 40,000 but does not exceed Rs. 60,000	Rs. 8,000 <i>plus</i> 40 per cent. of the amount by which the total income exceeds Rs. 40,000;
(5) where the total income exceeds Rs. 60,000 but does not exceed Rs. 1,00,000	Rs. 16,000 <i>plus</i> 50 per cent. of the amount by which the total income exceeds Rs. 60,000;
(6) where the total income exceeds Rs. 1,00,000	Rs. 36,000 <i>plus</i> 55 per cent. of the amount by which the total income exceeds Rs. 1,00,000.

*Surcharge on income-tax*

The amount of income-tax computed in accordance with the preceding provisions of this Sub-Paragraph shall, in the case of every person having a total income exceeding seventy-five thousand rupees, be reduced by the amount of rebate of income-tax calculated under Chapter VIII-A and the income-tax as so reduced be increased by a surcharge for purposes of the Union calculated at the rate of twelve per cent. of such income-tax:

Provided that no such surcharge shall be payable by a non-resident.

*Paragraph B*

In the case of every co-operative society,—

*Rates of income-tax*

(1) where the total income does not exceed Rs. 10,000	10 per cent. of the total income;
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(2) where the total income exceeds Rs. 10,000 but does not exceed Rs. 20,000	Rs. 1,000 <i>plus</i> 20 per cent. of the amount by which the total income exceeds Rs. 10,000;
(3) where the total income exceeds Rs. 20,000	Rs. 3,000 <i>plus</i> 35 per cent. of the amount by which the total income exceeds Rs. 20,000.

*Surcharge on income-tax*

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph shall, in the case of every person having a total income exceeding seventy-five thousand rupees, be increased by a surcharge for purposes of the Union calculated at the rate of twelve per cent. of such income-tax.

*Paragraph C*

*Sub-Paragraph I*

In the case of every registered firm, not being a case to which Sub-Paragraph II of this Paragraph applies,—

*Rates of income-tax*

(1) where the total income does not exceed Rs. 15,000	<i>Nil</i> ;
(2) where the total income exceeds Rs. 15,000 but does not exceed Rs. 50,000	6 per cent. of the amount by which the total income exceeds Rs. 15,000;
(3) where the total income exceeds Rs. 50,000 but does not exceed Rs. 1,00,000	Rs. 2,100 <i>plus</i> 12 per cent. of the amount by which the total income exceeds Rs. 50,000;
(4) where the total income exceeds Rs. 1,00,000	Rs. 8,100 <i>plus</i> 18 per cent. of the amount by which the total income exceeds Rs. 1,00,000.

*Surcharge on income-tax*

The amount of income-tax computed in accordance with the preceding provisions of this Sub-Paragraph shall, in the case of every person having a total income exceeding seventy-five thousand rupees, be increased by a surcharge for purposes of the Union calculated at the rate of twelve per cent. of such income-tax.

*Sub-Paragraph II*

In the case of every registered firm whose total income includes income derived from a profession carried on by it and the income so included is not less than fifty-one per cent. of such total income,—

*Rates of income-tax*

(1) where the total income does not exceed Rs. 15,000	<i>Nil</i> ;
(2) where the total income exceeds Rs. 15,000 but does not exceed Rs. 50,000	5 per cent. of the amount by which the total income exceeds Rs. 15,000;

(3) where the total income exceeds Rs. 50,000 but does not exceed Rs. 1,00,000	Rs. 1,750 <i>plus</i> 10 per cent. of the amount by which the total income exceeds Rs. 50,000;
(4) where the total income exceeds Rs. 1,00,000	Rs. 6,750 <i>plus</i> 15 per cent. of the amount by which the total income exceeds Rs. 1,00,000.

The amount of income-tax computed in accordance with the preceding provisions of this Sub-Paragraph shall, in the case of every person having a total income exceeding seventy-five thousand rupees, be increased by a surcharge for purposes of the Union calculated at the rate of twelve per cent. of such income-tax.

*Explanation.*—For the purposes of this Paragraph, “registered firm” includes an unregistered firm assessed as a registered firm under clause (b) of section 183 of the Income-tax Act.

*Paragraph D*

In the case of every local authority,—

*Rate of income-tax*

On the whole of the total income	50 per cent.
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*Surcharge on income-tax*

The amount of income-tax computed at the rate hereinbefore specified shall, in the case of every person having a total income exceeding seventy-five thousand rupees, be increased by a surcharge for purposes of the Union calculated at the rate of twelve per cent. of such income-tax.

*Paragraph E*

In the case of a company,—

*Rates of income-tax*

I. In the case of a domestic company,—

(1) where the company is a company in which the public are substantially interested	45 per cent. of the total income;
(2) where the company is not a company in which the public are substantially interested	50 per cent. of the total income.

II. In the case of a company other than a domestic company,—

(i) on so much of the total income as consists of—

(a) royalties received from Government or an Indian  
concern in pursuance of an agreement made by it with the  
Government or the Indian concern after the 31st day of  
March, 1961 but before the 1st day of April, 1976, or

(b) fees for rendering technical services received from  
Government or an Indian concern in pursuance of an  
agreement made by it with the Government or the Indian  
concern after the 29th day of February, 1964 but before the  
1st day of April, 1976.

and where such agreement has, in either case, been approved by the Central Government 50 per cent;

(ii) on the balance, if any, of the total income 65 per cent.

*Surcharge on income-tax*

The amount of income-tax computed in accordance with the provisions of item I of this Paragraph shall, in the case of every person having a total income exceeding seventy-five thousand rupees, be increased by a surcharge calculated at the rate of fifteen per cent. of such income-tax.

PART IV

[See section 2(9) (e)]

RULES FOR COMPUTATION OF NET AGRICULTURAL INCOME

*Rule 1.*—Agricultural income of the nature referred to in sub-clause (a) of clause (1A) of section 2 of the Income-tax Act shall be computed as if it were income chargeable to income-tax under that Act under the head "Income from other sources" and the provisions of sections 57 to 59 of that Act shall, so far as may be, apply accordingly:

Provided that sub-section (2) of section 58 shall apply subject to the modification that the reference to section 40A therein shall be construed as not including a reference to sub-sections (3) and (4) of section 40A.

*Rule 2.*—Agricultural income of the nature referred to in sub-clause (b) or sub-clause (c) of clause (1A) of section 2 of the Income-tax Act [other than income derived from any building required as a dwelling house by the receiver of the rent or revenue or the cultivator or the receiver of rent-in-kind referred to in the said sub-clause (c)] shall be computed as if it were income chargeable to income-tax under that Act under the head "Profits and gains of business or profession" and the provisions of sections 30, 31, 32, 36, 37, 38, 40, 40A [other than sub-section (3) and (4) thereof], 41, 43, 43A, 43B and 43C of the Income-tax Act shall, so far as may be, apply accordingly.

*Rule 3.*—Agricultural income of the nature referred to in sub-clause (c) of clause (1A) of section 2 of the Income-tax Act, being income derived from any building required as a dwelling house by the receiver of the rent or revenue or the cultivator or the receiver of rent-in-kind referred to in the said sub-clause (c) shall be computed as if it were income chargeable to income-tax under that Act under the head "Income from house property" and the provisions of sections 23 to 27 of that Act shall, so far as may be, apply accordingly.

*Rule 4.*—Notwithstanding anything contained in any other provisions of these rules, in a case where the assessee derives income from sale of tea grown and manufactured by him in India, such income shall be computed in accordance with rule 8 of the Income-tax Rules, 1962, and sixty per cent. of such income shall be regarded as the agricultural income of the assessee.

*Rule 5.*—Where the assessee is a partner of a registered firm or an unregistered firm assessed as a registered firm under clause (b) of section

183 of the Income-tax Act, which in the previous year has any agricultural income, or is a partner of an unregistered firm which has not been assessed as a registered firm under clause (b) of the said section 183 and which in the previous year has either no income chargeable to tax under the Income-tax Act or has total income not exceeding the maximum amount not chargeable to tax in the case of an unregistered firm but has any agricultural income, then, the agricultural income or loss of the firm shall be computed in accordance with these rules and his share in the agricultural income or loss of the firm shall be computed in the manner laid down in sub-section (1), sub-section (2) and sub-section (3) of section 67 of the Income-tax Act and the share so computed shall be regarded as the agricultural income or loss of the assessee.

**Rule 6.**—Where the assessee is a member of an association of persons or a body of individuals (other than a Hindu undivided family, a company or a firm) which in the previous year has either no income chargeable to tax under the Income-tax Act or has total income not exceeding the maximum amount not chargeable to tax in the case of an association of persons or a body of individuals (other than a Hindu undivided family, a company or a firm) but has any agricultural income, then, the agricultural income or loss of the association or body shall be computed in accordance with these rules and the share of the assessee in the agricultural income or loss so computed shall be regarded as the agricultural income or loss of the assessee.

**Rule 7.**—Where the result of the computation for the previous year in respect of any source of agricultural income is a loss, such loss shall be set off against the income of the assessee, if any, for that previous year from any other source of agricultural income:

Provided that where the assessee is a partner of an unregistered firm which has not been assessed as a registered firm under clause (b) of section 183 of the Income-tax Act or is a member of an association of persons or a body of individuals and the share of the assessee in the agricultural income of the firm, association or body, as the case may be, is a loss, such loss shall not be set off against any income of the assessee from any other source of agricultural income.

**Rule 8.**—Any sum payable by the assessee on account of any tax levied by the State Government on the agricultural income shall be deducted in computing the agricultural income.

**Rule 9.**—(1) Where the assessee has, in the previous year relevant to the assessment year commencing on the 1st day of April, 1991, any agricultural income and the net result of the computation of the agricultural income of the assessee for any one or more of the previous years relevant to the assessment years commencing on the 1st day of April, 1983 or the 1st day of April, 1984 or the 1st day of April, 1985 or the 1st day of April, 1986 or the 1st day of April, 1987 or the 1st day of April, 1988 or the 1st day of April, 1989 or the 1st day of April, 1990, is a loss, then, for the purposes of sub-section (2) of section 2 of this Act,—

(i) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1983, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year com-

mencing on the 1st day of April, 1984 or the 1st day of April, 1985 or the 1st day of April, 1986 or the 1st day of April, 1987 or the 1st day of April, 1988 or the 1st day of April, 1989 or the 1st day of April, 1990,

(ii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1984, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1985 or the 1st day of April, 1986 or the 1st day of April, 1987 or the 1st day of April, 1988 or the 1st day of April, 1989 or the 1st day of April, 1990,

(iii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1985, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1986 or the 1st day of April, 1987 or the 1st day of April, 1988 or the 1st day of April, 1989 or the 1st day of April, 1990,

(iv) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1986, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1987 or the 1st day of April, 1988 or the 1st day of April, 1989 or the 1st day of April, 1990,

(v) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1987, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1988 or the 1st day of April, 1989 or the 1st day of April, 1990,

(vi) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1988, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1989 or the 1st day of April, 1990,

(vii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1989, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1990, and

(viii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1990,

shall be set off against the agricultural income of the assessee for the previous year relevant to the assessment year commencing on the 1st day of April, 1991.

(2) Where the assessee has, in the previous year relevant to the assessment year commencing on the 1st day of April, 1992 or, if by virtue of any provision of the Income-tax Act, income-tax is to be charged in respect of the income of a period other than that previous year, in such other period,

any agricultural income and the net result of the computation of the agricultural income of the assessee for any one or more of the previous years relevant to the assessment years commencing on the 1st day of April, 1984 or the 1st day of April, 1985 or the 1st day of April, 1986 or the 1st day of April, 1987 or the 1st day of April, 1988 or the 1st day of April, 1989 or the 1st day of April, 1990 or the 1st day of April, 1991, is a loss, then, for the purposes of sub-section (8) of section 2 of this Act,—

(i) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1984, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1985 or the 1st day of April, 1986 or the 1st day of April, 1987 or the 1st day of April, 1988 or the 1st day of April, 1989 or the 1st day of April, 1990 or the 1st day of April, 1991,

(ii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1985, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1986 or the 1st day of April, 1987 or the 1st day of April, 1988 or the 1st day of April, 1989 or the 1st day of April, 1990 or the 1st day of April, 1991,

(iii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1986, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1987 or the 1st day of April, 1988 or the 1st day of April, 1989 or the 1st day of April, 1990 or the 1st day of April, 1991,

(iv) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1987, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1988 or the 1st day of April, 1989 or the 1st day of April, 1990 or the 1st day of April, 1991,

(v) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1988, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1989 or the 1st day of April, 1990 or the 1st day of April, 1991,

(vi) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1989, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1990 or the 1st day of April, 1991,

(vii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1990, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1991, and

(viii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1991,

shall be set off against the agricultural income of the assessee for the previous year relevant to the assessment year commencing on the 1st day of April, 1992.

(3) Where a change has occurred in the constitution of a firm, nothing in sub-rule (1) or sub-rule (2) shall entitle the firm to set off so much of the loss proportionate to the share of a retired or deceased partner computed in the manner laid down in sub-section (1), sub-section (2) and sub-section (3) of section 67 of the Income-tax Act as exceeds his share of profits, if any, of the previous year in the firm, or entitle any partner to the benefit of any portion of the said loss (computed in the manner aforesaid) which is not apportionable to him.

(4) Where any person deriving any agricultural income from any source has been succeeded in such capacity by another person, otherwise than by inheritance, nothing in sub-rule (1) or sub-rule (2) shall entitle any person, other than the person incurring the loss, to have it set off under sub-rule (1) or, as the case may be, sub-rule (2).

(5) Notwithstanding anything contained in this rule, no loss which has not been determined by the Assessing Officer under the provisions of these rules or the rules contained in Part IV of the First Schedule to the Finance Act, 1983, or of the First Schedule to the Finance Act, 1984, or of the First Schedule to the Finance Act, 1985, or of the First Schedule to the Finance Act, 1986, or of the First Schedule to the Finance Act, 1987, or of the First Schedule to the Finance Act, 1988, or of the First Schedule to the Finance Act, 1989, or of the First Schedule to the Finance Act, 1990, shall be set off under sub-rule (1) or, as the case may be, sub-rule (2).

11 of 1983.  
21 of 1984.  
32 of 1985.  
23 of 1986.  
11 of 1987.  
28 of 1988.  
13 of 1989.

*Rule 10.*—Where the net result of the computation made in accordance with these rules is a loss, the loss so computed shall be ignored and the net agricultural income shall be deemed to be *nil*.

*Rule 11.*—The provisions of the Income-tax Act relating to procedure for assessment (including the provisions of section 288A relating to rounding off of income) shall, with the necessary modifications, apply in relation to the computation of the net agricultural income of the assessee as they apply in relation to the assessment of the total income.

*Rule 12.*—For the purposes of computing the net agricultural income of the assessee, the Assessing Officer shall have the same powers as he has under the Income-tax Act for the purposes of assessment of the total income.

## THE SECOND SCHEDULE

[See section 121(a)]

In the First Schedule to the Customs Tariff Act,—

(a) in Chapter 78, in sub-heading Nos. 7801.10, 7801.91, 7801.99, 7802.00, 7803.00, 7804.11, 7804.19, 7804.20, 7805.00 and 7806.00, for the entry in column (4), the entry “100% plus Rs. 10,000 per tonne” shall be substituted;

(b) in Chapter 99,—

(i) heading Nos. 99.01, 99.02, 99.03, and the entries relating thereto shall be omitted and heading Nos. 99.04 to 99.15 and sub-heading Nos. 9904.00 to 9915.00 shall be renumbered as heading Nos. 99.01 to 99.12 and sub-heading Nos. 9901.00 to 9912.00 respectively;

(ii) heading No. 99.16 and the entries relating thereto shall be omitted and heading Nos. 99.17, 99.18 and sub-heading Nos. 9917.00, 9918.00 shall be renumbered as heading Nos. 99.13, 99.14 and sub-heading Nos. 9913.00 and 9914.00 respectively.

## THE THIRD SCHEDULE

[See section 121(b)]

## PART I

In the First Schedule to the Customs Tariff Act,—

(1) in Chapter 3,—

(i) existing Note shall be renumbered as Note 1 and after Note 1 as so renumbered, the following Note shall be inserted, namely:—

‘2. In this Chapter, the term “pellets” means products which have been agglomerated either directly by compression or by the addition of a small quantity of binder.’;

(ii) in heading No. 03.05, in column (3), for the words “Fish Meal”, the words “Flours, Meals and Pellets, of Fish” shall be substituted;

(iii) in sub-heading No. 0305.10, in column (3), for the words “Fish meal”, the words “Flours, meals and pellets, of fish.” shall be substituted;

(iv) in heading No. 03.06, in the entry in column (3), the following shall be inserted at the end, namely:—

“FLOURS, MEALS AND PELLETS, OF CRUSTACEANS, FIT FOR HUMAN CONSUMPTION”;

(v) in sub-heading No. 0306.19, for the entry in column (3) the following entry shall be substituted, namely:—

“Other, including flours, meals and pellets, of crustaceans, fit for human consumption”;

(vi) in sub-heading No. 0306.29, for the entry in column (3), the following entry shall be substituted, namely:—

“—Other, including flours, meals and pellets, of crustaceans, fit for human consumption”;

(vii) in heading No. 03.07, in the entry in column (3), the following entry shall be inserted at the end, namely:—

“;FLOURS, MEALS AND PELLETS OF AQUATIC INVERTEBRATES OTHER THAN CRUSTACEANS, FIT FOR HUMAN CONSUMPTION”;

(viii) in the portion occurring immediately after sub-heading No. 0307.60, for the entry in column (3), the entry “—Other, including flours, meals and pellets, of aquatic invertebrates other than crustaceans, fit for human consumption:” shall be substituted;

(2) in Chapter 4,—

(i) after NOTE 2, the following NOTE and SUB-HEADING NOTE shall be inserted, namely:—

“3. This Chapter does not cover:

(a) products obtained from whey, containing by weight more than 95% lactose, expressed as anhydrous lactose calculated on the dry matter (heading No. 17.02); or

(b) albumins (including concentrates of two or more whey proteins, containing by weight more than 80% whey proteins, calculated on the dry matter) (heading No. 35.02) or globulins (heading No. 35.04).

#### SUB-HEADING NOTE

For the purpose of sub-heading No. 0404.10, the expression “modified whey” means products consisting of whey constituents, i.e., whey from which all or part of the lactose, proteins or minerals have been removed, they to which natural whey constituents have been added, and products obtained by mixing natural whey constituents.”;

(ii) in sub-heading No. 0404.10, for the entry in column (3), the following entry shall be substituted, namely:—

“—Whey and modified whey, whether or not concentrated or containing added sugar or other sweetening matter”;

(iii) in sub-heading No. 0406.10, for the entry in column (3), the following entry shall be substituted, namely:—

“Fresh (unripened or uncured) cheese, including whey cheese and curd”;

## (3) in Chapter 8,—

(i) after NOTE 2, the following NOTE shall be inserted, namely:—

“3. Dried fruit or dried nuts of this Chapter may be partially rehydrated, or treated for the following purposes:

(a) for additional preservation or stabilisation (e.g., by moderate heat treatment, sulphuring, the addition of sorbic acid or potassium sorbate);

(b) to improve or maintain their appearance (e.g., by the addition of vegetable oil or small quantities of glucose syrup), provided that they retain the character of dried fruit or dried nuts.”;

(ii) in heading No. 08.12, in the entry in column (3), for the word “NUTS”, the word “NUTS,” shall be substituted;

(4) in Chapter 9, in heading No. 09.02, for the entry in column (3), the following entry shall be substituted, namely:—

“TEA, WHETHER OR NOT FLAVOURED”

## (5) in Chapter 11,—

(i) in heading No. 11.05, for the entry in column (3), the following entry shall be substituted, namely:—

“FLOUR, MEAL, FLAKES, GRANULES AND PELLETS, OF POTATOES”;

(ii) in sub-heading No. 1105.20, for the entry in column (3), the following entry shall be substituted, namely:—

“-Flakes, granules and pellets”;

## (6) in Chapter 15,—

(i) in NOTE 3, for the words “or their fractions”, the words “or their fractions,” shall be substituted;

(ii) in the portion occurring immediately after heading No. 15.19, in column (3), for the words “-Industrial monocarboxylic fatty acids:”, the words “-Industrial monocarboxylic fatty acids; Acid oils from refining:” shall be substituted;

(iii) sub-heading No. 1519.20 and the entries relating thereto shall be omitted;

(iv) sub-heading No. 1519.30 shall be renumbered as sub-heading No. 1519.20;

(7) in Chapter 18, in sub-heading No. 1806.20, in column (3), for the words “blocks or slabs”, the words “blocks, slabs or bars” shall be substituted;

(8) in Chapter 19, for NOTE 2, the following NOTE shall be substituted, namely:—

“2. For the purposes of heading No. 19.01, the terms “flour” and “meal” mean:

(a) Cereal flour and meal of Chapter 11, and

(b) Flour, meal and powder of vegetable origin of any Chapter, other than flour, meal or powder of dried vegetables (heading No. 07.12), of potatoes (heading No. 11.05) or of dried leguminous vegetables (heading No. 11.06);

(9) in Chapter 21, in NOTE 1, clauses (c) to (g) shall be renumbered as clauses (d) to (h) respectively and before clause (d) as so renumbered, the following clause shall be inserted, namely:—

“(c) flavoured tea (heading No. 09.02);”;

(10) in Chapter 22,—

(i) in NOTE 1, clauses (a) to (e) shall be renumbered as clauses (b) to (f) respectively and before clause (b) as so renumbered, the following clause shall be inserted, namely:—

“(a) products falling thereunder (other than those of heading No. 22.09) prepared for culinary purposes and thereby rendered unsuitable for consumption as beverages (generally heading No. 21.03);”;

(ii) in heading No. 22.06, for the entry in column (3), the following entry shall be substituted, namely:—

“OTHER FERMENTED BEVERAGES (FOR EXAMPLE, CIDER, PERRY, MEAD); MIXTURES OF FERMENTED BEVERAGES AND MIXTURES, OF FERMENTED BEVERAGES AND NON-ALCOHOLIC BEVERAGES NOT ELSEWHERE SPECIFIED OR INCLUDED”;

(11) in Chapter 25,—

(i) in heading No. 25.01, for the entry in column (3), the following entry shall be substituted, namely:—

“SALT (INCLUDING TABLE SALT AND DENATURED SALT) AND PURE SODIUM CHLORIDE, WHETHER OR NOT IN AQUEOUS SOLUTION OR CONTAINING ADDED ANTI-CAKING OR FREE FLOWING AGENTS; SEA WATER”;

(ii) in sub-heading No. 2528.10, for the entry in column (3), the following entry shall be substituted, namely:—

“-Natural sodium borates and concentrates thereof (whether or not calcined)”;

(12) in Chapter 26, in heading No. 26.20, for the words “METALLIC COMPOUNDS”, the words “METAL COMPOUNDS” shall be substituted;

(13) in Chapter 28,—

(i) in NOTE 2, in clause (e), for the words “metallic derivatives”, the words “metal derivatives” shall be substituted;

(ii) in NOTE 4, for the words “a metallic acid”, the words “a metal acid” shall be substituted;

(iii) in NOTE 5, for the word “metallic”, the word “metal” shall be substituted;

(iv) in Note 6, in clause (d), for the figures and words "0.002 micro-curie per gram", the figures and letters "74Bq/g (0.002 micro ci/g);", shall be substituted;

(v) in heading No. 28.18, for the entry in column (3), the following entry shall be substituted, namely:—

"ARTIFICIAL CORUNDUM, WHETHER OR NOT CHEMICALLY DEFINED; ALUMINIUM OXIDE; ALUMINIUM HYDROXIDE";

(vi) in sub-heading No. 2818.10, for the entry in column (3), the following entry shall be substituted, namely:—

"-Artificial corundum, whether or not chemically defined";

(vii) in sub-heading No. 2818.20, for the entry in column (3), the following entry shall be substituted, namely:—

"-Aluminium oxide, other than artificial corundum";

(viii) in heading No. 28.50, for the entry in column (3), the following entry shall be substituted, namely:—

"HYDRIDES, NITRIDES, AZIDES, SILICIDES AND BORIDES, WHETHER OR NOT CHEMICALLY DEFINED, OTHER THAN COMPOUNDS WHICH ARE ALSO CARBIDES OF HEADING No. 28.49";

(14) in Chapter 29, in Note 7, for the words "and imides of polybasic acids", the words ", or imides of polybasic acids" shall be substituted;

(15) in Chapter 32, in Note 3, for the words "colouring matters", the words "colouring matter" shall be substituted;

(16) in Chapter 34, in Note 5, in clause (b), for the word "coloured", the words "refined or coloured" shall be substituted;

(17) in Chapter 35, in heading No. 35.02, for the entry in column (3), the following entry shall be substituted, namely:—

"ALBUMINS (INCLUDING CONCENTRATES OF TWO OR MORE WHEY PROTEINS, CONTAINING BY WEIGHT MORE THAN 80% WHEY PROTEINS, CALCULATED ON THE DRY MATTER), ALBUMINATES AND OTHER ALBUMIN DERIVATIVES";

(18) in Chapter 37, in sub-heading No. 3707.10, for the entry in column (3), the following entry shall be substituted, namely:—

"-Sensitising emulsions";

(19) in Chapter 38, in sub-heading No. 3806.10, for the entry in column (3), the following entry shall be substituted, namely:—

"-Rosin and resin acids";

(20) in Chapter 39, in Note 10, for the words "when so cut.", the words "when so cut" shall be substituted;

(21) in Chapter 42, in heading No. 42.02, in column (3), for the words "WITH SUCH MATERIALS", the words "WITH SUCH MATERIALS OR WITH PAPER" shall be substituted;

(22) in Chapter 44,—

(i) in sub-heading No. 4403.91, for the entry in column (3), the following entry shall be substituted, namely:—

“- Of, oak (Quercus spp.)”;

(ii) in sub-heading No. 4403.92, for the entry in column (3), the following entry shall be substituted, namely:—

“- Of beech (Fagus spp.)”;

(iii) in sub-heading No. 4407.91, for the entry in column (3), the following entry shall be substituted, namely:—

“- Of, oak (Quercus spp.)”;

(iv) in sub-heading No. 4407.92, for the entry in column (3), the following entry shall be substituted, namely:—

“- Of beech (Fagus spp.)”;

(23) in Chapter 48, in sub-heading No. 4820.30, for the entry in column (3), the following entry shall be substituted, namely:—

“Binders (other than book covers), folders and file covers”;

(24) in Chapter 49,—

(i) in heading No. 49.05, in column (3), for the words “ ALL KINDS INCLUDING”, the words “ALL KINDS, INCLUDING” shall be substituted;

(ii) in sub-heading No. 4905.91, in column (3), for the word “book-form”, the words “book form” shall be substituted;

(iii) in heading No. 49.07, in column (3), for the words “CHEQUE FORMS; BANKNOTES;”, the words “BANKNOTES; CHEQUE FORMS;” shall be substituted;

(25) in Section XI,—

(i) in clause (A) of Note 2, the following shall be inserted at the end, namely:—

“When no one textile material predominates by weight, the goods are to be classified as if consisting wholly of that one textile material which is covered by the heading which occurs last in numerical order among those which equally merit consideration.”;

(ii) in clause (c) of Note 7, for the words “fabrics, the”, the words “fabrics the” shall be substituted;

(26) in Chapter 51,—

(i) in the portion occurring immediately after heading No. 51.11, in column (3), for the words “or fine animal hair”, the words “or of fine animal hair” shall be substituted;

(ii) in the portion occurring immediately after heading No. 51.12, in column (3), for the words “or fine animal hair”, the words “or of fine animal hair” shall be substituted;

(27) in Chapter 54, in sub-heading No. 5407.10, in column (3), for the words “polyamides, or of”, the words “polyamides or of” shall be substituted.

(28) in Chapter 55, in sub-heading No. 5504.10, for the entry in column (3), the following entry shall be substituted, namely:—

“Of viscose rayon”;

(29) in Chapter 56,—

(i) in clause (c) of NOTE 3, for the word “strips”, the word “strip” shall be substituted;

(ii) in heading No. 56.07, in column (3), for the word “ROPE”, the word “ROPES” shall be substituted;

(30) in Chapter 58, in NOTE 3, for the word “purpose”, the word “purposes” shall be substituted;

(31) in Chapter 59, in NOTE 7, in clause (a), in sub-clause (iv), for the word “fabric”, the word “fabrics” shall be substituted;

(32) in Chapter 61, for NOTE 8, the following NOTE shall be substituted, namely:—

“8. Garments of this Chapter designed for left over right closure at the front shall be regarded as men’s or boys’ garments, and those designed for right over left closure at the front as women’s or girls’ garments. These provisions do not apply where the cut of the garment clearly indicates that it is designed for one or other of the sexes.

Garments which cannot be identified as either men’s or boys’ garments or as women’s or girls’ garments are to be classified in the headings covering women’s or girls’ garments.”;

(33) in Chapter 62, for NOTE 8, the following NOTE shall be substituted, namely:—

“8. Garments of this Chapter designed for left over right closure at the front shall be regarded as men’s or boys’ garments, and those designed for right over left closure at the front as women’s or girls’ garments. These provisions do not apply where the cut of the garment clearly indicates that it is designed for one or other of the sexes.

Garments which cannot be identified as either men’s or boys’ garments or as women’s or girls’ garments are to be classified in the headings covering women’s or girls’ garments.”;

(34) in Chapter 63, in heading No. 63.06, in column (3), for the words “SAIL BOATS”, the word “SAILBOARDS” shall be substituted;

(35) in Chapter 64, in heading No. 64.06, for the entry in column (3), the following entry shall be substituted, namely:—

“PARTS OF FOOTWEAR (INCLUDING UPPERS WHETHER OR NOT ATTACHED TO SOLES OTHER THAN OUTER SOLES); REMOVABLE IN-SOLES, HEEL CUSHIONS AND SIMILAR ARTICLES; GATIERS, LEGGINGS AND SIMILAR ARTICLES, AND PARTS THEREOF”;

(36) in Chapter 70, in NOTE 1, in clause (c), for the brackets, words and figures "(heading No. 85.47)", the words and figures "of heading No. 85.47" shall be substituted;

(37) in Chapter 71,—

(i) in NOTE 3,—

(a) in clause (c), for the words "Articles of", the words "Goods of" shall be substituted;

(b) for clause (n), the following clause shall be substituted, namely:—

"(n) Articles classified in Chapter 96 by virtue of NOTE 4 to that Chapter; or";

(ii) in NOTE 10, for the words "and hairpins", the words "or hairpin" shall be substituted;

(38) in Chapter 72, in NOTE 1, in clause (k), in the last paragraph, for the words "of any size", the words "of any size" shall be substituted;

(39) in Chapter 73,—

(i) in sub-heading No. 7304.20, in column (3), the word "the" shall be omitted;

(ii) in sub-heading No. 7305.20, in column (3), the word "the" shall be omitted;

(iii) in sub-heading No. 7306.20, in column (3), the word "the" shall be omitted;

(iv) in sub-heading No. 7308.40, for the entry in column (3), the following entry shall be substituted, namely:—

"—Equipment for scaffolding, shuttering, propping or pit-propping";

(v) in sub-heading No. 7314.30, in column (3), for the word "inter-section", the word "intersection" shall be substituted;

(vi) in sub-heading No. 7321.81, for the entry in column (3), the following entry shall be substituted, namely:—

"—For gas fuel or for both gas and other fuels";

(40) in Chapter 74, in NOTE 1, in clause (g), for the words "of any size", the words "of any size," shall be substituted;

(41) in Chapter 75, in the NOTE, in clause (d), for the words "of any size", the words "of any size," shall be substituted;

(42) in Chapter 76, in the NOTE, in clause (d), for the words "of any size", the words "of any size," shall be substituted;

(43) in Chapter 78, in the NOTE, in clause (d), for the words "of any size", the words "of any size," shall be substituted;

(44) in Chapter 79, in the NOTE, in clause (d), for the words "of any size", the words "of any size," shall be substituted;

(45) in Chapter 80, in the Note, in clause (d), for the words "of any size", the words "of any size," shall be substituted;

(46) in Chapter 82, in sub-heading No. 8211.91, in column (3), for the word "Tables", the word "Table" shall be substituted;

(47) in Chapter 84,—

(i) in heading No. 84.26, in column (3), for the word "DERRICKS", the words "SHIPS' DERRICKS" shall be substituted;

(ii) in heading No. 84.70, for the entry in column (3), the following entry shall be substituted, namely:—

"CALCULATING MACHINES; ACCOUNTING MACHINES, POST-AGE-FRANKING MACHINES, TICKET-ISSUING MACHINES AND SIMILAR MACHINES, INCORPORATING A CALCULATING DEVICE; CASH REGISTERS";

(48) in Chapter 85,—

(i) in Note 5, in clause (B), in sub-clause (c), for the words "and passive", the words "and passive," shall be substituted;

(ii) in heading No. 85.21, for the entry in column (3), the following entry shall be substituted, namely:—

"VIDEO RECORDING OR REPRODUCING APPARATUS, WHETHER OR NOT INCORPORATING A VIDEO TUNER";

(iii) in heading No. 85.28, for the entry in column (3), the following entry shall be substituted, namely:—

"TELEVISION RECEIVERS (INCLUDING VIDEO MONITORS AND VIDEO PROJECTORS), WHETHER OR NOT INCORPORATING RADIO-BROADCAST RECEIVERS OR SOUND OR VIDEO RECORDING OR REPRODUCING APPARATUS";

(iv) in sub-heading No. 8532.10, in column (3), for the letters "Kvar", the letters "kvar" shall be substituted;

(49) in Chapter 87,—

(i) Note 3 shall be omitted;

(ii) the existing Notes 4 and 5 shall be renumbered as Notes 3 and 4 respectively;

(iii) in heading No. 87.02, for the entry in column (3), the following entry shall be substituted, namely:—

"MOTOR VEHICLES FOR THE TRANSPORT OF TEN OR MORE PERSONS, INCLUDING THE DRIVER";

(iv) in heading No. 87.05, in column (3), for the word "WORK-SHOPS", the word "WORKSHOPS" shall be substituted;

(50) in Chapter 89, in heading No. 89.07, in column (3), for the words "LANDING STAGES", the word "LANDING-STAGES" shall be substituted;

(51) in Chapter 90,—

(i) in NOTE 1, clauses (b) to (l) shall be renumbered as clauses (c) to (m) respectively and before clause (c) as so renumbered, the following clause shall be inserted, namely:—

“(b) supporting belts or other support articles of textile material, whose intended effect on the organ to be supported or held derives solely from their elasticity (for example, maternity belts, thoracic support bandages, abdominal support bandages, supports for joints or muscles) (Section XI);”;

(ii) in heading No. 90.11, in column (3), for the words “MICROPHOTOGRAPHY, MICROCINEMATOGRAPHY”, the words “PHOTO MICROGRAPHY, CINEPHOTOMICROGRAPHY” shall be substituted;

(iii) in the portion occurring immediately after heading No. 90.25, in column (3), for the word “Thermometers”, the words “Thermometers and pyrometers,” shall be substituted;

(iv) in sub-heading Nos. 9025.11 and 9025.19, for the entry in column (4), the entry “60%” shall be substituted;

(v) in heading No. 90.29, in column (3), for the figures “90.15”, the figures and word “90.14 OR 90.15” shall be substituted;

(52) in Chapter 92, in NOTE 1,—

(a) for clauses (d) and (e), the following clauses shall be substituted, namely:—

“(d) Brushes for cleaning musical instruments (heading No. 96.03); or

(e) Collectors' pieces or antiques (heading No. 97.05 or 97.06).”;

(b) clause (f) shall be omitted;

(53) in Chapter 94, in sub-heading No. 9405.10, in column (3), for the word “thorough-fares”, the word “thoroughfares” shall be substituted;

(54) in Chapter 95,—

(i) in NOTE 1, in clause (h), for the words “Walking sticks”, the word “Walking-sticks” shall be substituted;

(ii) in heading No. 95.06, for the entry in column (3), the following entry shall be substituted, namely:—

“ARTICLES AND EQUIPMENT FOR GENERAL PHYSICAL EXERCISE, GYMNASTICS, ATHLETICS, OTHER SPORTS (INCLUDING TABLE-TENNIS). OR OUT-DOOR GAMES, NOT SPECIFIED OR INCLUDED ELSEWHERE IN THIS CHAPTER; SWIMMING POOLS AND PADDLING POOLS”;

(iii) in sub-heading No. 9506.91, for the entry in column (3), the following entry shall be substituted, namely:—

“--Articles and equipment for general physical exercise, gymnastics or athletics”;

(55) in Chapter 96, in sub-heading No. 9603.21, for the entry in column (3), the following entry shall be substituted, namely:—

“-Tooth brushes, including dental-plate brushes”;

(56) in Chapter 97, in Note 5,—

(a) for the words “are to be treated as forming part of”, the words “are to be classified with” shall be substituted;

(b) the following shall be inserted at the end, namely:—

“Frames which are not of a kind or of a value normal to the articles referred to in this Note are to be classified separately.”.

## PART II

Heading No.	Sub-heading No.	Description of article	Rate of Duty	
			Standard	Preferential Areas
(1)	(2)	(3)	(4)	(5)

In the Schedule to the Customs Tariff Act, in heading No. 38.09, for sub-heading Nos. 3809.10, 3809.91, 3809.92 and 3809.99 and the entries relating thereto, the following shall be substituted, namely:—

“3809.10	-With a basis of amylaceous substances	100% <i>plus</i> Rs. 25 per Kg.	..
3809.91	-Other -Of a kind used in the textile or like industries	100% <i>plus</i> Rs. 25 per Kg.	..
3809.92	--Of a kind used in the paper or like industries	100% <i>plus</i> Rs. 25 per Kg.	..
3809.93	--Of a kind used in the leather or like industries	100% <i>plus</i> Rs. 25 per Kg.	..
3809.99	-Other	100% <i>plus</i> Rs. 25 per Kg.	...”.

## THE FOURTH SCHEDULE

(See section 122)

## PART I

In the Schedule to the Central Excise Tariff Act,—

(1) in Chapter 24, in sub-heading Nos. 2404.31 and 2404.39, for the entry in column (4), the entry “Rs. 7.50 per thousand” shall be substituted;

(2) in Chapter 28, in sub-heading No. 2808.10, for the entry in column (4), the entry “15%” shall be substituted;

(3) in Chapter 38, after NOTE 2, the following NOTE shall be inserted, namely:—

‘3. This Chapter does not cover products containing alcohol, opium, Indian hemp or other narcotic drugs. For the purposes of this Note. “Alcohol”, “Opium”, “Indian Hemp”, “Narcotic drugs” and “Narcotics” have the meanings assigned to them in section 2 of the Medicinal and Toilet Preparations (Excise Duties) Act, 1955 (16 of 1955).’;

(4) in Chapter 39, in sub-heading Nos. 3923.19, 3923.90 and 3926.90, for the entry in column (4), the entry “40%” shall be substituted;

(5) in Chapter 44,—

(a) in NOTE 6, for the words “, laminated wood or densified wood”, the words “or laminated wood” shall be substituted;

(b) in sub-heading No. 4410.10, for the entry in column (3), the entry “Flush Doors, Panel Doors and Similar doors” shall be substituted;

(6) in Chapter 48, in sub-heading No. 4805.20, for the entry in column (4), the entry “15%” shall be substituted;

(7) in Chapter 50, in sub-heading No. 5002.00, for the entry in column (3), the entry “RAW SILK (NOT THROWN); SILK WASTE (INCLUDING YARN WASTE AND GARNETTED STOCK); OTHER SILK YARN INCLUDING WASTE YARN (HARD WASTE); SILK WORM GUT” shall be substituted;

(8) in Chapter 52, in sub-heading Nos. 5204.21 and 5204.29, for the entry in column (4), the entry “Rs. 15 per kilogram” shall be substituted;

(9) in Chapter 53, in sub-heading Nos. 5303.32 and 5303.39, for the entry in column (4), the entry “Rs. 15 per kilogram” shall be substituted;

(10) in Chapter 54, in sub-heading Nos. 5404.00, 5405.00, 5406.11, 5406.12 and 5407.00, for the entry in column (4), the entry “Rs. 50 per kilogram” shall be substituted;

(11) in Chapter 55,—

(a) in sub-heading Nos. 5501.10, 5501.20, 5501.30 and 5501.90, for the entry in column (4), the entry “Rs. 50 per kilogram” shall be substituted;

(b) in sub-heading No. 5504.10, for the entry in column (4), the entry “Rs. 15 per kilogram” shall be substituted;

(c) in the portion occurring immediately after sub-heading No. 5504.10, for the entry in column (3), the entry “-Yarn of polyester staple fibre” shall be substituted;

(d) in sub-heading Nos. 5504.21 and 5504.22, for the entry in column (4), the entry "Rs. 15 per kilogram" shall be substituted;

(e) in the portion occurring immediately after sub-heading No. 5504.29, for the entry in column (3), the entry "-Yarn of acrylic or modacrylic staple fibre" shall be substituted;

(f) in sub-heading Nos. 5505.00, 5506.21 and 5506.29, for the entry in column (4), the entry "Rs. 15 per kilogram" shall be substituted;

(12) in Chapter 69,—

(a) in sub-heading No. 6901.00, in column (3), for the words "CONSTRUCTIONAL GOODS.", the words "CONSTRUCTIONAL GOODS AND OTHER REFRACTORY CERAMIC GOODS SUCH AS" shall be substituted;

(b) in sub-heading No. 6908.90, for the entry in column (4), the entry "15%" shall be substituted;

(13) in Chapter 74, existing NOTE shall be renumbered as NOTE 1 and after NOTE 1 as so renumbered, the following NOTE shall be inserted, namely:—

"2. In relation to products of heading No. 74.11, the process of drawing or redrawing shall amount to "manufacture".";

(14) in Chapter 76, in heading No. 76.06, in column (3), for the words "STRIP OF", the words "STRIP, OF" shall be substituted;

(15) in Chapter 85,—

(a) in sub-heading No. 8523.11, for the entry in column (4), the entry "25% plus Rs. 8 per square metre" shall be substituted;

(b) in sub-heading No. 8523.13, for the entry in column (4), the entry "25% plus Rs. 18 per square metre" shall be substituted;

(c) in sub-heading No. 8524.21, for the entry in column (4), the entry "30% plus Rs. 8 per square metre" shall be substituted;

(d) in sub-heading No. 8524.23, for the entry in column (4), the entry "30% plus Rs. 18 per square metre" shall be substituted;

(e) in sub-heading No. 8528.00, for the entry in column (4), the entry "50% plus Rs. 800 per set" shall be substituted;

(f) in sub-heading No. 8540.11, for the entry in column (4), the entry "Rs. 2,000 per tube" shall be substituted;

(g) in sub-heading No. 8540.12, for the entry in column (4), the entry "Rs. 500 per tube" shall be substituted;

(16) in Chapter 87,—

(a) for NOTE 4, the following NOTES shall be substituted, namely:—

"4. For the purposes of heading Nos. 87.01 to 87.05, building a body or fabrication or mounting or fitting of structures or equipment on the chassis shall amount to 'manufacture' of a motor vehicle.

5. Heading No. 87.06 shall include chassis, whether or not fitted with a cab.";

(b) existing NOTE 5 shall be renumbered as NOTE 6;

(c) in sub-heading No. 8703.00, for the entry in column (4), the entry "60%" shall be substituted;

(d) in sub-heading No. 8706.30, for the entry in column (4), the entry "60%" shall be substituted.

## PART II

Heading No.	Sub-heading No.	Description of goods	Rate of duty
(1)	(2)	(3)	(4)

In the Schedule to the Central Excise Tariff Act,—

(1) in Chapter 32,—

(a) for sub-heading Nos. 3206.11 and 3206.19 and the word "Pigments" occurring immediately before sub-heading No. 3206.11, the following shall be substituted, namely:—

"3206.10 -Pigments 10%";

(b) after sub-heading No. 3212.10 and the entries relating thereto, the following shall be inserted, namely:—

"3212.20 -Aluminium paste 15%";

(2) in Chapter 55, for heading No. 55.02 and the entries relating thereto, the following shall be substituted, namely:—

"55.02 5502.00 ARTIFICIAL STAPLE FIBRES AND TOW, INCLUDING TOPS THEREOF Rs. 25 per kilogram".

## THE FIFTH SCHEDULE

(See section 123)

### PART I

In the First Schedule to the Additional Duties of Excise Act,—

(1) sub-heading No. 1701.20 and the entries relating thereto shall be omitted;

(2) in sub-heading Nos. 2404.31 and 2404.39, for the entry in column (4), the entry "Rs. 2.50 per thousand" shall be substituted.

## PART II

Heading No.	Sub-heading No.	Description of goods	Rate of additional duty
(1)	(2)	(3)	(4)

In the First Schedule to the Additional Duties of Excise Act,—

(a) for heading Nos. 54.10 and 54.11 and the entries relating thereto, the following shall be substituted, namely:—

"54.10 5410.00 FABRICS OF MAN-MADE FIBER YARN (INCLUDING FABRICS OBTAINED FROM MATERIALS OF HEADING NOS. 54.06 AND 54.07 BUT EXCLUDING FABRICS COVERED UNDER HEADING NO. 54.12),—

(a) WOVEN ON LOOMS OTHER THAN HANDLOOMS, AND

(b) SUBJECTED TO THE PROCESS OF BLEACHING, DYEING, PRINTING, SHRINK-PROOFING, TENTERING, HEAT-SETTING, CREASE RESISTANT PROCESSING OR ANY OTHER PROCESS OR ANY TWO OR MORE OF THESE PROCESSES, WITHOUT THE AID OF POWER OR STEAM

54.11 5411.00 FABRICS OF MAN-MADE FIBER YARN (INCLUDING FABRICS OBTAINED FROM MATERIALS OF HEADING NOS. 54.06 AND 54.07 BUT EXCLUDING FABRICS COVERED UNDER HEADING NO. 54.12),—

(a) WOVEN ON HANDLOOMS, AND

(b) SUBJECTED TO THE PROCESS OF BLEACHING, DYEING, PRINTING, SHRINK-PROOFING, TENTERING, HEAT-SETTING, CREASE RESISTANT PROCESSING OR ANY OTHER PROCESS OR ANY TWO OR MORE OF THESE PROCESSES

(1)	(2)	(3)	(4)
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(b) for heading Nos. 55.09 and 55.10 and the entries relating thereto, the following shall be substituted, namely :—

“55.09 5509.00 FABRICS OF MAN-MADE STAPLE 20% *plus* Rs. 5  
FIBRES (EXCLUDING FABRICS per square  
COVERED UNDER HEADING NOS. metre  
55.11 AND 55.12).—

(a) WOVEN ON LOOMS OTHER  
THAN HANDLOOMS, AND

(b) SUBJECTED TO THE PROCESS  
OF BLEACHING, DYEING, PRINT-  
ING, SHRINK-PROOFING, TEN-  
TERING, HEAT-SETTING, CREASE  
RESISTANT PROCESSING OR  
ANY OTHER PROCESS OR ANY  
TWO OR MORE OF THESE PRO-  
CESSES, WITHOUT THE AID OF  
POWER OR STEAM

55.10 5510.00 FABRICS OF MAN-MADE STAPLE 20% *plus* Rs. 5  
FIBRES (EXCLUDING FABRICS per square  
COVERED UNDER HEADING NOS. metre).—

(a) WOVEN ON HANDLOOMS, AND

(b) SUBJECTED TO THE PROCESS  
OF BLEACHING, DYEING, PRINT-  
ING, SHRINK-PROOFING, TEN-  
TERING, HEAT-SETTING  
CREASE RESISTANT PROCESS-  
ING OR ANY OTHER PROCESS  
OR ANY TWO OR MORE OF  
THESE PROCESSES

K. L. MOHANPURIA,  
Additional Secretary to the Govt. of India.

